TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

No. 181.

NICHOLAS W. CASEY, RECEIVER OF THE NEW ORLEANS NATIONAL BANKING ASSOCIATION, APPELLANT,

vs.

C. CAVAROC, SR., AND C. CAVAROC, JR., AS C. CAVAROC & SON, AND THE SOCIÉTÉ DE CRÉDIT MOBILIER OF PARIS, FRANCE.

APPEAL FROM THE CIRCUIT COURT OF THE UNITED STATES FOR THE DISTRICT OF LOUISIANA.

FILED OCTOBER 11, 1875.

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1 *Bill of complaint.—Filed Nov. 5, 1873.*

JOHN COCKREM, RECEIVER OF THE NEW ORleans National Banking Association, Nicholas W. Casey, substituted as receiver,
vs.
C. CAVAROC & SON ET ALS.
} No. 7064. In equity.

To the judges of the circuit court of the United States for the district of Louisiana:

John Cockrem, receiver of the New Orleans National Banking Association, duly appointed, commissioned, and qualified under the provisions of section fifty of the act of Congress entitled "An act to provide a national currency secured by a pledge of United States bonds, and to provide for the circulation and redemption thereof," approved June 3, 1864, and of an act entitled "An act in reference to certifying checks by national banks," approved March 3rd, 1869, brings this his bill against the commercial partnership of C. Cavaroc & Son, and Charles Cavaroc, senior, and Charles Cavaroc, junior, the individual members comprising said firm, all residing in the city of New Orleans, Louisiana, and against the "Société de Crédit Mobilier," of Paris, France.

2 And thereupon your orator complains and says:

That on and before the 12th day of July, 1873, the said New Orleans National Banking Association, a body corporate under the provisions of said act of Congress of June 3, 1864, was engaged in the banking business in the city of New Orleans, Louisiana, and continued to carry on such business until the 4th day of October, 1873; that the said Charles Cavaroc, senior, was the president of the board of directors of said association.

That on or about the 12th day of July, 1873, the said Charles Cavaroc, senior, pretending to act in his capacity as president aforesaid, entered into an arrangement with the said defendant The Société de Crédit Mobilier, whereby the said last-named defendant agreed to accept bills of exchange to be drawn upon the said Société de Crédit Mobilier by the said New Orleans National Banking Association, payable ninety days after sight, to the amount of one million francs, which the said banking association was to sell for the joint account of the said Société de Crédit Mobilier and the said association; the said parties expecting that at the maturity of said bills the amount could be placed with the Crédit Mobilier at a profit, by the purchase of exchange at a lower rate than the said bills would be sold for.

The arrangement also contemplated the deposit of securities of said association in the hands of the said commercial partnership of C. Cavaroc & Son, defendants, whom the defendant The Société de Crédit Mobilier claim to have constituted their agents in the premises, to guarantee the acceptors of said bills against loss, from the failure of said association to place the amount required to meet said bills at

3 maturity.

Your orator further shows that the defendants claim that in pursuance of said agreement, on or about the 12th day of July, 1873, bills of exchange were drawn upon the said Crédit Mobilier by said association at ninety days' sight to the amount of one million francs, and that the same were negotiated, and that the proceeds thereof, amounting to $218,454.34, were credited on the books of the association to said société, and still remain so credited, and defendants claim that the same

were accepted by the Crédit Mobilier aforesaid, and that by reason thereof said société is a creditor of said banking association to said amount.

Your orator is informed and believes that at the time of the alleged drawing, negotiation, and acceptance of said bills no pledge of any assets or securities of said banking association was made to said acceptors or any other person or corporation, and that none of its securities were delivered to the said C. Cavaroc & Son, or to any other person or persons or bodies corporate, for the purpose of securing the said Crédit Mobilier or any party to or holder of said bills; and he avers that if any pledge or delivery of securities was so made it was without the authority or sanction of the board of directors of said bank.

Your orator further represents that the said New Orleans National Banking Association was, on the 12th day of July, 1873, and long prior thereto had and ever since then hath been, in a state of insolvency, and the fact of said insolvency was well known to the president and directors thereof, and to the said C. Cavaroc & Son, and to the said Crédit Mobilier.

And your orator further shows that on or about the 24th day
4 of September, 1873, said banking association failed and suspended payment, otherwise than by the exchange of checks with other banks; and that on or about the 4th day of October following said association altogether failed and suspended payment, and on the 27th day of October, 1873, passed into the hands of your orator as receiver as aforesaid.

And your orator further shows that about the time of said failure, whether before or since he is unable to state, but is informed and believes that it was subsequent to the 24th day of September, 1873, the said Charles Cavaroc, senior, having access as president of said association to its securities, did pretend that a large amount of its bills discounted and promissory notes were pledged to the said Crédit Mobilier, and did remove the same from the possession of said association, and either took them into his own possession or put them into the possession of the defendants, C. Cavaroc & Son, acting in the premises either for himself, themselves, or for the said Crédit Mobilier, a list of which assets, bills, and promissory notes is hereto annexed as a part of this bill, and marked "Exhibit A," the same amounting in the aggregate to the sum of $325,054.76 or thereabouts, then and there and still being the property of said association.

And your orator charges that the said delivery and transfer of said securities was made and accepted in contemplation of the insolvency of said association, and with a view to give a preference to said defendants over other creditors of said association, contrary to the provisions of section 52 of the act of Congress aforesaid, approved June 3d, 1864, and to prevent the application of such assets in the manner provided in said act.

5 And your orator is informed and believes that said transfer and delivery of said securities was without the authority of the board of directors of said association, is in fraud of the rights of the creditors thereof, and utterly null and void; that no title thereto or rights in premises were acquired by the said defendants, and that your orator has a right to the restoration of the same or proceeds of sale as may have been or be collected, and the rights in all things to administer the same.

And your orator avers that having demanded from the said defendants C. Cavaroc & Son the return to him of said securities, they refused and still refuse to return the same, and he is informed and believes that

they are collecting the same as they mature, and that they will, unless restrained by the order of this honorable court, remit the proceeds thereof beyond the jurisdiction of this court, and thereby prevent your orator from properly administering such assets, and defeat the just and equitable rights of the creditors of said association to a ratable distribution thereof as required by law.

And your orator further represents that he has reason to fear, and does fear, that, unless immediately restrained by the order of this honorable court, said bills, promissory notes, and assets aforesaid will be by said defendants converted into cash and remitted beyond the jurisdiction of this court, or appropriated by said defendants, or that the same may be negotiated to third parties, for value, without notice of the rights of your orator in the premises; or sent beyond the limits of said district, or the United States, before in the due course of practice in this honorable court a motion for an injunction pendente lite can be made and heard.

6 Wherefore, the premises considered, your orator prays that your honors will allow and grant unto him the most gracious writ of subpœna, in due form of law, directed to the said defendants C. Cavaroc & Son, and to the said Charles Cavaroc, senior, and to the said Charles Cavaroc, junior, individually, and to the said Société de Crédit Mobilier, commanding them and each of them, on some day certain, to be named in said writ, to be and appear before your honors and then and there full, true, and complete answers make under their several individual corporeal oaths, or under their corporate seal according to the best of their several and respective information, knowledge, and belief, and stand to and abide all such orders as your honors may make in the premises.

And may it further please your honors to grant and allow unto your orator the most gracious writ of injunction pendante lite, in due form of law, directed to each and all of said defendants, their several and respective servants, agents, and attorneys, commanding, prohibiting, and restraining them and each of them from in any manner appropriating to themselves, or either of them, any part or portion of the said bills, promissory notes, or assets referred to in this bill of complaint; from in any manner appropriating to themselves, or either of them, any part or portion of the proceeds thereof which may heretofore have been or hereafter may by them be reduced to money either by sale or collection; from in any manner parting with the possession of any part or portion thereof; from sending either said notes, bills, or assets referred to in this bill of complaint, or the proceeds of the sale or collection thereof, beyond their possession or control, either by secreting, transferring,

7 alienating, or removing the same beyond the limits of the State of Louisiana, and beyond the reach of the process of this honorable court, or in any manner attempting to conceal, secrete, or mingle the same with the individual several moneys or assets of said defendants or either of them.

And may it further please your honors to grant and allow unto your orator, at once, an order in due form of law, restraining said defendants and each of them in manner and form as above prayed for until in the due course of law and practice of this court a motion for said injunction can be made and heard. And your orator prays that upon final hearing the said injunction may be made absolute and perpetual.

And your orator further prays that pending this cause, and until the final hearing and decree herein, your honors will appoint some competent and discreet person to be and act as receiver, to take possession

of and so administer said property that no loss occur, and that said property and the proceeds thereof may be held and preserved to be applied to the liquidation of the twofold debts due by said association represented by your orator.

And in due course of the proceeding in this honorable court in like cases, upon the final hearing of this cause your orator prays that your honors will order and adjudge all of said bills, notes, and property to belong to said association represented by your orator, and order and adjudge that the same and all of the proceeds thereof be placed in the possession of this complainant as receiver of said association, to be administered as the law directs, and as in law and equity the same should be administered, and applied to the payment and liquida-
8 tion of the claims of the creditors of said banking association.

And your orator further prays that your honors will further allow and grant unto him such other and further relief as to your honors may seem meet and just and the nature of the case may require.

And will ever pray, etc.

J. D. ROUSE,
J. R. BECKWITH,
Solicitors for Complainant.

UNITED STATES OF AMERICA,
District of Louisiana, ss:

John Cockrem, being duly sworn, deposeth and saith that he is the complainant in the foregoing bill named, and has read the same and knows the contents thereof.

That the said bill is true of his own knowledge except as to these matters which are therein stated to be on his information and belief, and as to those he believes it to be true.

JOHN COCKREM.

Sworn to before me this 4th day of November, 1873.

F. B. VINOT,
U. S. Commissioner.

List of notes and bills belonging to the New Orleans National Banking Association, and mentioned in the annexed bill of complaint as

EXHIBIT A.

R. Villarubia	Oct.	6		$3,500 00
C. Hodges	"	3		2,488 80
Flash, Lewis & Co	"	3		570 55
P. S. Wiltz & Co	"	4		5,000 00
C. Hodges	"	6		2,488 78
9 E. K. Perry	Nov.	6		$2,500 00
F. B. Fleitas	"	6		3,000 00
R. A. Chiapella	"	6		1,825 40
P. S. Wiltz	"	6		12,000 00
M. C. Randall	"	7		4,500 00
Dupré, Reine & Co	"	8		2,500 00
J. B. Vinet	"	8		1,000 00
P. S. Wiltz	"	9		5,000 00
I. Bloom & Co	"	9		3,108 50
Wolf & Marks	"	11		2,500 00
Fairbanks & Gilman	"	13		9,750 02
Fred. Camerden	"	13		1,364 56

A. Poiney	Nov.	14	8,500 00
R. Villarubia	"	16	3,000 00
W'm Morrison	"	19	7,500 00
I. Bloom & Co	"	19	2,834 65
P. S. Wiltz & Co	"	20	5,000 00
Dupré, Reine & Co	"	20	2,000 00
B. H. Lemann	"	23	751 70
D. Dumestre	"	24	1,286 00
T. Bachman	"	24	750 00
E. F. Mioton	"	25	1,500 00
" "	"	27	4,000 00
C. Hodges	"	30	2,488 78
Aiken & Watt	Nov.	4	500 00
M. Watson	"	9	5,127 63
M'm'e Annie Saron	"	10	1,000 00
A. Dupaquier	"	10	30,800 00
Allen Poole & Co	"	10	5,000 00
Sam. Jacobs	"	12	800 00
Cha's F. Johnson & Co	"	13	3,500 00
H. F. Given & Co	"	13	2,087 77
P. Aldige	"	13	2,000 00
J. Bethancourt	"	14	2,500 00
M. J. Zunts	"	17	1,000 00
J. N. Charbounet	"	17	150 00
P. S. Wiltz	"	17	1,000 00
Jno. Mioton	"	17	1,307 64
W. Lavoussini	"	17	1,941 00
10 T. Ferrun	Nov.	17	$687 00
R. Dumestre	"	17	600 00
Warren, Atkinson & Co	"	18	800 00
Ernest & Co	"	18	5,000 00
A. Roos & Co	"	18	3,000 00
P. Aldige	"	19	4,000 00
I. Bloom & Co	"	20	875 00
E. Dubois	"	21	200 00
P. S. Wiltz & Co	Nov.	22	5,000 00
Jno. T. Merton	"	22	2,394 78
E. & S. Wurzburger	"	22	2,800 00
Queyrouze & Bois	"	23	3,894 33
R. Nugent & Co	"	24	1,500 00
A. Dupaquier	"	24	5,000 00
P. S. Wiltz & Co	"	24	6,250 00
D. O. D. Sullivan	"	24	2,300 00
Aleus, Scherck & Autey	"	24	500 00
A. Tertrau	Dec.	3	5,000 00
Allen Poole & Co	Nov.	6	15,000 00
R. Villarubia	"	6	9,000 00
Cresent City L. S. L. & S. H. Co.	"	7	50,000 00
Blood fertilizing works	"	19	6,000 00
A. Roos & Co	"	20	15,000 00
Fairbanks & Gilman, dem'd note			11,233 05
L. E. Lemarier	Nov.	5	3,500 00
F. Brion	Sept.	29	810 00
Thomas A. Lyons and others	Jan.	1	3,289 82
Total			$325,054 76

11 *Order to show cause and restraining order.—Issued November 8th, 1873.*

United States circuit court, district of Louisiana.

JNO. COCKREM, RECEIVER OF THE NEW ORleans National Banking Association,
vs.
C. CAVAROC & SON & OTHERS. } No. 7064. In equity.

Upon consideration of the bill of complaint in this case, and upon motion of solicitors for complainant, it is ordered that the defendants show cause at the United States court room, in the custom-house, in the city of New Orleans and State of Louisiana, upon Monday, the 24th day of November, A. D. 1873, at eleven o'clock a. m., why a receiver should not be appointed and an injunction pendente lite issued as prayed for in the bill.

And it is further ordered that a restraining order, as prayed for in said bill, do issue against said defendants forthwith, and that the
12 same, together with a copy of this order and of the bill of complaint, be immediately served upon said defendants.

Witness my hand this 6th day of November, A. D. 1873.

(Signed) W. B. WOODS,
U. S. Judge 5th Circuit and District of Louisiana.

CLERK'S OFFICE.

A true copy of the original on file.
New Orleans, November 8th, 1873.
(Signed) F. B. VINOT, *Dy Clk.*

Marshal's return thereon.

Received by the United States marshal November 8th, 1873, and served a copy hereof on C. Cavaroc, Sr, by handing the same to him in person in this city; served also a copy on C. Cavaroc & Son, at the same time and place, by handing same to C. Cavaroc, Sr, a member of the firm of C. Cavaroc & Son; and on the said 8th day of November, 1873, served a copy hereof on the Société du Crédit Mobilier of Paris, France,
13 by handing the same to C. Cavaroc, Sr, its agent in New Orleans.

I also served a copy hereof on C. Cavaroc, Jr, on the 18th of November, 1873, by handing the same to him in person.

November 20th, 1873.

(Signed) S. W. REED,
Dy U. S. Marshal.

Restraining order.—Issued November 8th, 1873.

Circuit court of the United States, fifth circuit and district of Louisiana.

The President of the United States to Charles Cavaroc, senior, individually, and as member of the firm of Ch's Cavaroc & Son; Charles Cavaroc, junior, individually, and as member of the firm of C. Cavaroc & Son; and to C. Cavaroc & Son, agents of the Société du Crédit Mobilier of Paris, France, greeting:

Whereas it has been represented unto us in our said circuit court on the part of John Cockrem, receiver of the New Orleans Banking
14 Association, in a bill in equity lately exhibited against the com-

mercial partnership of Ch's Cavaroc & Son, and Charles Cavaroc, s'r, and Charles Cavaroc, j'r, individual members composing said firm, and the Société du Crédit Mobilier of Paris, France, touching certain matters and things therein set forth; and whereas the honorable W'm B. Woods, one of the judges of our said court, upon due consideration thereof, has made and allowed an order in said cause, whereby you and said defendants are required to show cause, at the court-room in the city of New Orleans, on the 24th day of November, A. D. 1873, if any you have, why an injunction pendente lite should not be allowed in this case against each and all of the defendants herein to the effect and extent as prayed for in said bill of complaint; and whereas also the said judge has granted and allowed an order restraining you and each and every of said defendants immediately and forthwith and during
15 the pendency of said motion for an injunction to the full effect and extent as prayed for in said bill of complaint:

Now, therefore, in consideration of the premises and of the allegations in said bill contained, you, the said Charles Cavaroc, s'r, individually, and as member of the firm of C. Cavaroc and Son, and Charles Cavaroc, j'r, individually, and as member of the firm of C. Cavaroc & Son, agents of the Société de Crédit Mobilier of Paris, France, and your attorneys, and each of you, are hereby commanded and strictly enjoined, under the penalty of the law, that you absolutely refrain and desist from in any manner appropriating to yourself or to any other defendant or person whatsoever any part or portion of any of the property, bills, promissory notes, or assets named or referred to in complainant's bill of complaint, a copy of which is herewith served on you for your information and guidance, or any part or portion of the proceeds thereof which may have heretofore or may hereafter come into
16 your hands or control from the sale or collection thereof, and also from in any manner parting with the possession of any part or portion of said property, bills, and notes, or the proceeds thereof, also from in any manner removing or attempting to remove any of said assets or property referred to in said bill of complaint beyond your immediate individual possession and control, also from secreting, alienating, transferring, or removing the same, or any part or portion thereof, or of the proceeds thereof, beyond the limits of the State of Louisiana, or beyond the reach of the process of this court, and also from in any manner concealing, secreting, or mixing the same with your or the individual several moneys, property, or assets of said defendants, or from in any manner attempting so to do.

And that you and each of said defendants remain so inhibited and restrained by said order until the further order of the said court in the premises.

17 Witness the honorable Nathan Clifford, associate justice of the Supreme Court of the United States, at the city of New Orleans, this 8th day of November, in the year of our Lord 1873.

[SEAL.] (Signed) F. B. VINOT, *Dy Clk.*

Marshal's return thereon.

Received by the U. S. marshal November 8th, 1873, and on the same day, month, and year served a copy hereof on the within named, as follows, to wit:

On C. Cavaroc, s'r, personally.

On C. Cavaroc & Son, agents of the Société de Crédit Mobilier of Paris, France, personally.

On C. Cavaroc, j'r, by handing a copy hereof to him in person on the 18th November.

(Signed) S. W. REED,
Dy U. S. Marshal.

Subpœna in chancery to Charles Cavaroc, s'r.—Issued Nov. 7th, 1873.

UNITED STATES OF AMERICA:

The President of the United States to the marshal of the district
18 of Louisiana, greeting:

You are hereby commanded to summon Charles Cavaroc, senior, to appear before the honorable the judges of the fifth judicial circuit of the United States of America, at a circuit court to be holden on the first Monday of December, 1873, then and there to answer a bill in chancery, filed against him et al., wherein John Cockrem, receiver of the New Orleans National Banking Association, is complainant, and said Charles Cavaroc, senior, et al., are defendants.

Herein fail not, and have you then and there this writ, with your endorsement thereon how you have executed the same.

Witness the honorable Nathan Clifford, associate justice of the Supreme Court of the United States of America, this 7th day of November, in the year of our Lord one thousand eight hundred and seventy-three and the 98th year of American Independence.

19 [SEAL] (Signed) F. B. VINOT, *Dy Clk.*

The defendant is hereby notified that he is required to enter his appearance in the clerk's office of the United States circuit court on or before the first Monday of December, 1873; otherwise the bill may be taken pro confesso.

F. B. VINOT, *Dy Clk.*

Marshal's return thereon.

Received November 7th, 1873, and on the same 8th day of same month and year served a copy of within subpœna in chancery on Cha's Cavaroc, s'r, named herein, by handing the same to him in person.

New Orleans, Nov. 8th, 1873.

(Signed) S. W. REED,
Dy U. S. Marshal.

Subpœna in chancery to Charles Cavaroc, junior.—Issued Nov. 7th, 1873.

UNITED STATES OF AMERICA:

20 The President of the United States to the marshal for the district of Louisiana, greeting:

You are hereby commanded to summon Charles Cavaroc, junior, to appear before the honorable the judges of the fifth judicial circuit of the United States of America, at a circuit court to be holden on the first Monday of December, 1873, then and there to answer a bill in chancery filed against him et als., wherein John Cockrem, receiver of the New Orleans National Banking Association is complainant, and said Charles Cavaroc, junior, et al., are defendants.

Herein fail not, and have you then and there this writ, with your endorsement thereon how you have executed the same.

Witness the honorable Nathan Clifford, associate justice of the Supreme Court of the United States of America, this 7th day of November, in the year of our Lord one thousand eight hundred and
21 seventy-three and the 98th year of American Independence.

[SEAL.] (Signed) F. B. VINOT, *Dy Clk.*

The defendant is hereby notified that he is required to enter his appearance in the clerk's office of the United States circuit court on or before the first Monday of December, 1873; otherwise the bill may be taken pro confesso.

(Signed) F. B. VINOT, *Dy Clk.*

Marshal's return thereon.

Received by the U. S. marshal Nov. 8th, 1873, and on the 18th day of same month and year served a copy of within subpœna in chancery on Ch's Cavaroc, j'r, named herein, by handing the same to him in person.

New Orleans, Nov. 19th, 1873.

(Signed) S. W. REED,
Dy U. S. Marshal.

Subpœna in chancery to C. Cavaroc & Son.—Issued Nov. 7th, 1873.

UNITED STATES OF AMERICA:

22 The President of the United States to the marshal of the district of Louisiana, greeting:

You are hereby commended to summon the commercial firm of C. Cavaroc & Son, composed of Charles Cavaroc, senior, and Charles Cavaroc, junior, to appear before the honorable the judges of the fifth judicial circuit of the United States of America, at a circuit court to be holden on the first Monday of December, 1873, then and there to answer a bill in chancery filed against said firm & al., wherein John Cockrem, receiver of the New Orleans Banking Association, is complainant, and said C. Cavaroc & Son et al. are defendants.

Herein fail not, and have you then and there this writ, with your endorsement thereon how you have executed the same.

Witness the honorable Nathan Clifford, associate justice of the Supreme Court of America, this 7th day of November, in the year
23 of our Lord one thousand eight hundred and seventy-three and the 98th year of American independence.

[SEAL.] (Signed) F. B. VINOT, *Dy Clk.*

The defendants are hereby notified that they are required to enter their appearance in the clerk's office of the United States circuit court on or before the first Monday of December, 1873; otherwise the bill may be taken pro confesso.

(Signed) F. B. VINOT, *Dy Clk.*

Marshal's return thereon.

Received November 7th, 1873, and on the 8th day of same month and year served a copy of within subpœna in chancery on C. Cavaroc & Son, named herein, by handing the same to C. Cavaroc, S'r, a member of said firm.

New Orleans, Nov. 8th, 1873.

(Signed) S. W. REED,
Dy U. S. Marshal.

Subpœna in chancery to the Société de Crédit Mobilier.—Issued Nov. 7th, 1873.

24 UNITED STATES OF AMERICA:

The President of the United States to the marshal for the district of Louisiana, greeting:

You are hereby commanded to summon the Société de Crédit Mobilier, of Paris, France, to appear before the honorable the judges of the fifth judicial circuit of the United States of America, at a circuit court to be holden on the first Monday of December, 1873, then and there to answer a bill in chancery filed against the said société et al., wherein John Cockrem, receiver of the New Orleans National Banking Association, is complainant, and said Société de Crédit Mobilier et al. are defendants.

Herein fail not, and have you then and there this writ, with your endorsement thereon how you have executed the same.

Witness the honorable Nathan Clifford, associate justice of the
25 Supreme Court of the United States of America, this 7th day of November, in the year of our Lord one thousand eight hundred and seventy-three and the 98th year of American Independence.

[SEAL.] (Signed) F. B. VINOT, *Dy Clk.*

The defendant is hereby notified that it is required to enter its appearance in the clerk's office of the United States circuit court on or before the first Monday of December, 1873; otherwise the bill may be taken pro confesso.

(Signed) F. B. VINOT, *Dy Clk.*

Marshal's return thereon.

Received November 7th, 1873, by the U. S. marshal, and on the 8th day of November, 1873, served a copy of this subpœna in chancery on the Société de Crédit Mobilier of Paris, France, by handing the same to C. Cavaroc, s'r, the agent of said société, in person, in this city.

New Orleans, Nov. 18th, 1873.

(Signed) S. W. REED,
Dy U. S. Marshal.

26 *Entry at December rules, 1873.—Extract from the chancery order-book.*

JOHN COCKREM, RECEIVER N. O. NATIONAL Banking Association,
vs.
CAVAROC & AL.
} No. 7064.

The defendants, C. Cavaroc & Son, and Ch's Cavaroc, s'r, and Ch's Cavaroc, j'r, the individual members thereof, and the Société de Crédit Mobilier of Paris, France, defendants herein, have this day entered their appearance to the complainant's bill of complaint.

Rule for injunction and to appoint a receiver fixed.—Extract from the minutes, and filed Dec. 11th, 1873.

UNITED STATES OF AMERICA:

Circuit court of the United States, fifth circuit and district of Louisiana, November term, A. D. 1873.

NEW ORLEANS, *Thursday, 11th day of Dec.*, 1873.

27 Court met pursuant to adjournment.
Present, the honorable : the honorable ;
judge.

JNO. COCKREM, REC'R NEW ORLEANS BANK'G Association,
vs.
C. CAVAROC & SON ET AL. } No. 7064.

On motion of J. D. Rouse and J. R. Beckwith, solicitors for complainant, it is ordered that the rule upon defendants for an injunction pendente lite be fixed for hearing the 19th inst. at 11 a. m.; and it is further ordered that said defendants show cause at the same time why a receiver should not be appointed as prayed in the bill of complaint.

CLERK'S OFFICE.

I certify the foregoing to be a true copy from the original record in this office. Witness my hand and the seal of said court, at the city of New Orleans, this 12th day of Dec'r, 1873.
[SEAL] (Signed) F. B. VINOT, *D'y Clerk.*

Marshal's return thereon.

28 Rec'd Dec. 12th, 1873, and on the 13th day of same month and year served a copy of within rule on the within named in the following manner: On C. Cavaroc, senior, by handing the same to him in person, and on C. Cavaroc, junior, by leaving the same at his office in the hands of C. Cavaroc, s'r, and on C. Cavaroc & Son, by handing the same to C. Cavaroc, s'r, and on the Société de Credit Mobilier, by handing the same to C. Cavaroc, s'r, the agent.
New Orleans, Dec. 15th, 1873.
(Signed) S. W. REED,
D'y U. S. Marshal.

Agreement to postpone answer.—Filed January 6th, 1874.

United States circuit court.

JNO. COCKREM, REC'R, &C.,
vs.
C. CAVAROC & SON ET AL.

The time for answer for defendants is extended till the first Monday in February next, and they are dispensed from answering before
29 that time, without prejudice to rule pending for receiver and injunction.
June 5th, 1873.
(Signed) J. D. ROUSE, *Sol'r.*

Motion and order time to plead enlarged.—Extract from the minutes of Jan'y 31st, 1874.

NEW ORLEANS, *Saturday, Jan'y 31st*, 1874.

Court met pursuant to adjournment.
Present, Hon. E. H. Durell, district judge.

JOHN COCKREM, REC'R,
vs.
CH'S CAVAROC & SON ET AL. } No. 7064.

On motion of F. Fuselier & Billings & Hughes, solicitors for respondents, Cavaroc & Son, ordered that respondents have until 10th February, 1874, in which to plead, demur, or answer to the bill of complaint herein.

Answer of the Société de Credit Mobilier.—Filed Feb'y 2d, 1875.

In the circuit court of the United States in and for the fifth circuit and district of Louisiana.

30 The answer of the Société de Crédit Mobilier, of Paris, France, to the bill of complaint exhibited against them by John Cockrem, receiver of the New Orleans National Banking Association.

31 These defendants, now and at all times hereafter saving to themselves all and all manner of benefit or advantage of exception or otherwise that can or may be had or taken to the many errors, uncertainties, and imperfections in the said bill contained, for answer thereto, or to so much thereof as these defendants are advised it is material or necessary for them to make answer to, answering saith:

That they admit that on or before the 12th day of July, 1873, the said New Orleans National Banking Association, a body corporate under the laws of the United States, were engaged in the banking business in the city of New Orleans, and continued to carry on said business until the 4th of October, 1873; and that said Charles Cavaroc, senior, was president of the board of directors thereof.

They admit and aver that on or about the 12th day of July, 1873, the said Charles Cavaroc, senior, acting in his capacity as president of said banking association, entered into an arrangement with these defendants whereby these defendants agreed to accept bills of exchange to be drawn by the said banking association, payable ninety days after sight, to the amount of one million francs; that ten days before the maturity of the bills the amount was to be placed with these defendants.

They admit that the arrangement also contemplated the deposit of securities of said association in the hands of the commercial partnership of C. Cavaroc & Son, defendants, and that these defendants claim that C. Cavaroc & Son were the agents of both parties in the premises.

32 They admit that they claim that, in pursuance of said arrangement, on or about the 12th of July, 1873, bills of exchange were drawn upon these defendants by said association, at ninety days sight, to the amount of one million francs, and that the same were negotiated, and the proceeds thereof, amounting to two hundred and eighteen thousand four hundred and fifty dollars and thirty-four cents, were credited on

the books of the association to these defendants, and still remain so credited; and they claim that said bills were accepted by them, and that by reason thereof these defendants are creditors of said banking association.

And these defendants, further answering, aver that it is untrue, as alleged in complainant's bill, that at the time of the alleged drawing, negotiation, and acceptance of said bills no pledge of any assets or securities of said banking association was made to said acceptors or any other person or corporation, and that none of said association's securities were delivered to said C. Cavaroc & Son, or to any other person or persons, or bodies-corporate, for the purpose of securing these defendants, or any party to or holder of said bills; and that it is untrue that any pledge or delivery of securities so made was without the authority or sanction of the board of directors of said association; but, on the contrary, they aver that the documents in the schedule annexed, marked "Exhibit B," were placed by the said association in the hands of said C. Cavaroc & Son on the 12th day of July, 1873, as a security to these defendants for their credit and advances as aforementioned. That said securities being insufficient a further deposit of collaterals, representing about one hundred thousand dollars, was mad- a few days there-
33 after; that some portion of the securities deposited with C. Cavaroc & Son was paid into the hands of said C. Cavaroc & Son, who allowed said association the cash so received upon securities being given equal thereto in lieu thereof; and these defendants aver that the pledge and delivery of securities as aforesaid was with the authority and sanction of the directors of said association.

And, further answering, they say that they deny that the said banking association was on the 12th day of July, 1873, and long prior thereto had, and ever since then hath been, in a state of insolvency, and that the fact of said insolvency was well known to the president and directors thereof, and to the said C. Cavaroc & Son, and to these defendants; and they aver that on the 12th day of July, 1873, and anterior thereto and up to the monetary crisis that occurred some time in the month of September, 1873, said banking association was in good credit and standing in New Orleans and other commercial centres of America and Europe.

And, further answering, they say that true it is the said association, on or about the 24th of September, 1873, did suspend cash payments, but the same was in common with all but two of the banks of New Orleans, on account of the monetary panic that existed in all parts of the country, and that on the 4th of October following the said association suspended, and on the 27th of October, 1873, passed into the hands of a receiver.

And, further answering, they deny that it was subsequent to the 24th of September, 1873, that the assets mentioned in schedule, Exhibit A, were delivered to C. Cavaroc & Son, but aver that those mentioned in the schedule hereto annexed, marked "Exhibit B," were deliv-
34 ered at the time, to wit, July 12, 1873, pursuant to the said arrangement and agreement; that, the amount of said securities being insufficient under said agreement to secure these defendants against any risk, a few days thereafter the amount of the deposit with C. Cavaroc & Son was increased by adding thereto further collaterals, representing about one hundred thousand dollars; that a portion of the securities deposited with said C. Cavaroc & Son having been paid, others were substituted therefor, so as not to change materially the amount of said deposit; that the schedule annexed, marked "Exhibit C," exhibits

the securities now held by said C. Cavaroc & Son, pursuant to the agreement aforesaid, except as shown by the annexed schedule, marked "Exhibit D," exhibiting collection and transmissions by said C. Cavaroc & Son, and the amount now held by them. And these defendants say that the securities mentioned in said schedules were delivered prior to said 27th of September, 1873, and that said securities were not given to prefer, but in order to fully comply with the previous agreement; and that at the time the said association, they are informed and believe, were in good credit and were solvent.

And, further answering, these defendants deny that the said delivery and transfer of said securities was made and accepted in contemplation of the insolvency of said association, and with a view to give a preference to these defendants over the creditors of said association, contrary to the provisions of section 52 of the act of Congress aforesaid, approved June 3d, 1864, and to prevent the application of such assets in the manner provided in said act.

35 And, further answering, these defendants say that they deny that said transfer and delivery of said securities was without the authority of the board of directors of said association, is in fraud of the rights of creditors thereof, and null and void; that no title thereto or rights in the premises were acquired by these defendants, and that said receiver has a right to the restoration of the same or the proceeds of such as may have been or be collected, and any right to administer the same; and they aver that said transfer and delivery of said securities was with the authority and sanction of the board of directors of said banking association, is not in fraud of the rights of creditors thereof, and is good and valid; that these defendants acquired title to said securities as hereinbefore set forth, and that said receiver has no right to the restoration of said securities, nor to the proceeds of such as may have been or may be collected; nor has said receiver any right to administer the same.

And, further answering, these defendants say that in all their actings and doings in the premises they have acted in good faith and in the due course of business, without and knowledge of insolvency of said association; that said association was in good credit during the entire time of said transactions and up to the time of suspension, to wit, October 4, 1873; that these defendants advanced their credit to said association for the purpose of a legitimate business and for the sake of profit, and that there has been no transaction, as averred, in any manner by said bill of complaint to contravene the provisions of the act of Congress approved June 3, 1864, and especially the fifty-second section thereof.

And these defendants deny all and all manner of unlawful com-
36 bination and confederacy wherewith they are by the said bill charged, without this, that there is no other matter, cause, or thing in the said complainant's said bill of complaint contained material or necessary for these defendants to make answer unto, and not herein and hereby well and sufficiently answered, confessed, traversed, and avoided, or denied, is true to the knowledge or belief of these defendants; all which matters and things these defendants are ready and willing to aver, maintain, and prove, as this honorable court shall direct, and humbly pray to be hence dismissed with their reasonable costs and charges in this behalf most wrongfully sustained.

CLARKE, BAYNE & RENSHAW,
Solicitors.

Léon Götz, being duly sworn, deposes and says:

That he is administrator of the Société de Crédit Mobilier of Paris, France, defendants in the foregoing answer named; that the said société has no seal, and that no seal is required by the laws of France; that he has read the foregoing answer and knows the contents thereof; that the said answer is true of his own knowledge, except as to those matters which are herein stated to be on his information and belief, and as to those he believes it to be true.

LÉON GÖTZ.

Sworn to and subscribed before me Dec. 20, 1873.

K. LOEW,
U. S. C.

37 EXHIBIT B.

List of notes held in trust by C. Cavaroc & Son to secure joint operation of one million francs between the Crédit Mobilier of Paris and the New Orleans National Banking Association.

A. Dupaquier	Nov.	10,	'73	$30,800 00
A. Sarran	"	10,	'73	1,000 00
Aiken & Watts	"	4,	'73	500 00
B. H. Lemann & Co	Oct.	23,	'73	751 70
P. S. Wiltz & Co	"	20,	'73	5,000 00
Dupré, Reine & Co	"	20,	'73	2,000 00
W'm Morrison & Co	"	19,	'73	7,500 00
I. Bloom & Co	"	19,	'73	2,834 65
Eug. Potet	"	19,	'73	900 00
R. Villarubia	"	16,	'73	3,000 00
A. Poincy	"	14,	'73	8,500 00
Fairbanks & Gilman	"	13,	'73	9,750 00
Fred. Camerden	"	13,	'73	1,364 50
Wolf & Marks	"	11,	'73	2,500 00
P. S. Wiltz & Co	"	9,	'73	5,000 00
I. Bloom & Co	"	9,	'73	3,108 50
Jno. B. Vinet	"	8,	'73	1,000 00
Dupre, Reine & Co	"	8,	'73	2,500 00
Felix Alexandre	Janv.	13,	'74	1,000 00
A. Cavalier	Dec.	13,	'73	800 00
John Chapman	"	18,	'73	1,500 00
M. C. Randall	Oct.	7,	'73	4,500 00
C. Hodges	"	6,	'73	2,488 00
E. K. Perry	"	6,	'73	2,500 00
F. B. Fleitas	"	6,	'73	3,000 00
R. A. Chiapella	"	6,	'73	1,825 00
P. S. Wiltz & Co	"	6,	'73	12,000 00
P. Delahoussaye	Janv.	4,	'74	1,734 73
38 Alfred Condran	Janv.	4,	'74	$1,041 67
Diodat Stelly	"	4,	'74	3,015 56
Diodat Stelly	"	4,	'74	3,015 56
P. S. Wiltz	Oct.	4,	'73	5,000 00
J. Loreau et fils	Janv.	4,	'73	2,171 48
J. Loreau et fils	"	4,	'73	2,171 48
J. Lastrapes	Sept.	30,	'73	7,000 00
C. Hodges	Oct.	3,	'73	2,488 80

Flash, Lewis & Co	Oct.	3, '73	570 55
F. Brion	Sept.	29, '73	810 00
Allen Poole & Co	"	23, '73	8,000 00
E. H. Leman & Co	"	23, '73	751 00
E. Marquez	"	22, '73	5,000 00
Marx Weil	"	22, '73	1,425 50
Woods, Matthews & Co	"	22, '73	3,261 73
P. Boissonneau	"	22, '73	1,200 00
E. F. Mioton	"	20, '73	2,394 78
Ed. S. Wurzburger	"	20, '73	2,800 00
W'm Morrison	"	20, '73	1,002 00
Allen Poole & Co	"	20, '73	10,000 00
F. A. Gonzales	"	20, '78	895 00
P. S. Wiltz & Co	"	20, '73	5,000 00
Rivers, Lonsdale & Co	"	19, '73	1,500 00
G. W. England	"	19, '73	1,200 00
Meyer Weill	"	19, '73	1,500 00
Jno. Rocchi	"	19, '73	3,000 00
M. Mann	Oct.	23, '73	2,000 00
H. F. Given & Co	Sept.	18, '73	11,313 68
A. A. Lobsdale	Janv.	7, '74	5,000 00
Lehman, Godchaux & Co	Sept.	18, '73	2,635 50
P. Pons	"	18, '73	1,500 00
De Blanc & Beer	"	16, '73	2,000 00
			$220,021 43

HENRY BLACHE, *Cashier.*

NEW ORLEANS, July 12, 1873.

39 NEW ORLEANS, *le* 18 *Août*, 1873.

Monsieur le BARON HAUSSMANN,
Président de la Société de Crédit Mobilier, Paris:

MONSIEUR: Nous vous confirmons notre précédente du 16 courant et avons reçu votre honorée du 30 de l'expiré.

Si nous ne vous avons pas envoyé, tout d'abord, le mémorandum des valeurs que nous avons reçues de la banque, pour garantir notre maison, et vous-mêmes, c'est que la dépêche subséquente de notre sieur fils nous donnait à comprendre que l'opération se faisait sous votre garantie et nous avions pris nous-mêmes les dites valeurs. Mais nous croyons plus juste que non seulement nous vous confirmions ce dépôt, mais que nous vous donnions le détail de ces billets qui sont tous, de 1er ordre au fur et à mesure que certaines échéances auront lieu, nous aurons soin de remplacer ces valeurs par d'autres, et vous en aviserons.

Malgré les efforts d'une clique puissante à New York, pour faire hausser l'or et créer une panique, les sterlings sont tombés à 108¼ et les francs à f. 5.32½. Ces taux nous indiquent que nous verrons le change bien bas, cet hiver.

Veuillez agréer, Monsieur nos salutations bien empressées,

(Signé) CAVAROC & SON.

Being Exhibit A 16, translated at page 257.

40 EXHIBIT C.

List of notes, etc., received by C. Cavaroc & Son from the New Orleans National Banking Association for account of the Société de Crédit Mobilier de Paris.

P. S. Wiltz & Co	60 days,	due	Oct.	6,	1873	..	$12,000 00
E. R. Perry	"	"	"	6,	"	..	2,500 00
C. Hodges	"	"	"	6,	"	..	2,488 78
F. B. Fleitas	"	"	"	6,	"	..	3,000 00
Franklin Roberts	"	"	"	7,	"	..	750 00
Randall & Co	"	"	"	7,	"	..	4,500 00
Dupré, Reine & Co	"	"	"	8,	"	..	2,500 00
Jno. B. Vinet	"	"	"	8,	"	..	1,000 00
P. S. Wiltz	"	"	"	9,	"	..	5,000 00
W'm L. Cushing	"	"	"	11,	"	..	647 48
Fairbanks & Gilman	"	"	"	13,	"	..	9,750 02
E. Silvestre	"	"	"	14,	"	..	326 68
E. H. Flory	30 days,	"	"	16,	"	..	76 15
R. Villarubia	60 days,	"	"	16,	"	..	3,000 00
Charles J. Hoyt	"	"	"	17,	"	..	382 00
I. Bloom & Co	75 days,	"	"	19,	"	..	2,834 65
P. S. Wiltz & Co	60 days,	"	"	20,	"	..	5,000 00
Dupré, Reine & Co	"	"	"	20,	"	..	2,000 00
B. H. Lehmann & Co	90 days,	"	"	23,	"	..	751 70
J. Braselman	60 days,	"	"	24,	"	..	750 00
D. Dumestre	"	"	"	24,	"	..	286 00
E. F. Mioton	"	"	"	25,	"	..	1,500 00
E. F. Mioton	"	"	"	27,	"	..	4,000 00
I. K. Levy & Son	"	"	"	28,	"	..	1,650 00
C. Hodges	"	"	"	30,	"	..	2,488 78
De Blanc & Beer	"	"	"	31,	"	..	1,819 40
F. Degeorge	"	"	Nov.	3,	"	..	1,590 64
G. Lavie	"	"	"	3,	"	..	4,050 00
Aiken & Watts	1st Nov.,	"	"	4,	"	..	500 00
R. Villarubia	60 days,	"	"	6,	"	..	9,000 00
Allen, Poole & Co	"	"	"	6,	"	..	15,000 00
H'y Groebél & Co	"	"	"	7,	"	..	5,000 00
C. C. L. S. L'd'g & S. H. Co	90 days,	"	"	7,	"	..	50,000 00
M Watson	"	"	"	9,	"	..	5,127 63
A. Dupaquier	"	"	"	10,	"	..	30,800 00
M'rs Anna Saron, (balance)	"	"	"	10,	"	..	500 00
Allen, Poole & Co	60 days,	"	"	10,	"	..	5,000 00
Sam'l Jacobs	65 days,	"	"	12,	"	..	800 00
H. F. Given & Co	60 days,	"	"	13,	"	..	2,087 77
M. J. Zunts & Co	"	"	"	14,	"	..	1,000 00
J. N. Charbonnet	"	"	"	17,	"	..	150 00
E. F. Mioton	"	"	"	17,	"	..	1,307 64
41 J. Sarran	60 days,	due	Nov.	17,	1873	..	$687 00
Blood Fertilizing W'ks of N. O	"	"	"	19,	"	..	6,000 00
J. Bloom & Co	75 days,	"	"	20,	"	..	875 00
A. Roos & Co	60 days,	"	"	20,	"	..	15,000 00
I. Llado	"	"	"	20,	"	..	151 32
E. Dubois	"	"	"	21,	"	..	200 00
E. Dubois	"	"	"	21,	"	..	200 00
E. F. Mioton	"	"	"	22,	"	..	2,394 78

R. Nugent & Co	4 mo's,	due	Nov.	24,	1873	1,500 00
D. O. D. Sullivan	60 days,	"	"	24,	"	2,300 00
P. S. Wiltz & Co	"	"	"	24,	"	6,250 00
L. E. Lemarie	"	"	"	25,	"	3,500 00
Allen, Poole & Co	"	"	"	25,	"	4,000 00
H. F. Given	"	"	Dec.	2,	"	5,293 50
P. S. Wiltz & Co	"	"	"	2,	"	5,000 00
A. Tertron	90 days,	"	"	3,	"	5,000 00
A. Thibaut	1st Dec.,	"	"	4,	"	4,000 00
C. Hodges	60 days,	"	"	5,	"	2,488 80
P. S. Wiltz & Co	"	"	"	6,	"	5,000 00
R. Villarubia	"	"	"	8,	"	3,500 00
Rickarby & Laffon	15th Dec.,	"	"	18,	"	10,000 00
John Williams & Son	90 days,	"	"	24,	"	5,215 63
A. Dupaquier	"	"	"	24,	"	5,000 00
A. Dupaquier	"	"	"	24,	"	5,000 00
A. Dupaquier	"	"	Jan.	2,	1874	10,000 00
Lapene & Ferre	15 Feb., '74,	"	Feb.	18,	"	2,306 86
Fairbanks & Gilman, on demand						11,233 05
						$325,011 26

LIST OF COLLATERALS.

Note	P. S. Wiltz & Co., due October 6th, 1873, secured by note Deodat Stelly, 1st Jan., 1874, bearing 8 per c't interest from date	$3,015 56
"	" Deodart Stelly, 1st Jan., 1874, bearing 8 per c't interest from date	3,015 56
"	" Alfred Gondrau, 1st Jan., 1874, bearing 8 per c't interest from maturity	1,041 67
"	" Pre. Delahoussaye, 1st Jan., 1874, bearing 8 per c't interest from maturity	1,734 73
Certificate	for 50 shares of the N. O. Mutual Ins. Association	5,000 00
Note	F. B. Fleitas, due October 6th, 1873, secured by note Yve. Bmy. Fleitas, notice of protest waived 3d Dec., 1871	5,000 00
42 Note	Dupré, Reine & Co., due October 8th, 1873, secured by mortgage note, S. W. Ball, F. Curtis, jointly, due 1st Feb., 1874, with 8 per c't interest from maturity	$4,000 00
Note	W'm L. Cushing, due Oct. 11th, 1873, secured by gold bond, new consolidated debt of N. O., £200, or	1,000 00
Note	Dupré, Reine & Co., due Oct. 20th, 1873, secured by mortgage note, Felix Alexandre, due 15th Jan., 1874, 8 per c't. interest from maturity	1,000 00
Note	L. Arsolin, due 10th Dec., 1873	800 00
"	John Chapman, due 15th Dec., 1873	1,500 00
Note	E. F. Mioton, due Oct. 25th, 1873, secured by 3 shares L'a Cotton Manufactory, $1,000 each	3,000 00
Note	H'y Groebel & Co., due Nov. 7th, 1873, secured by note Lemuel F. Conner, due 4th Dec., 1873	565 80
"	A. Boucheraux, due 15th Dec., 1873, 8 per c't interest from maturity	1,000 00
"	J. Tras. Landry, due 1st Jan., 1874	800 00
"	Hermogene Gros, due 1st Jan., 1874	4,000 00

Note C. C. L. S. L'd'g & S. House Co., due Nov. 7th, 1873, secured by pledge of 74 bonds C. C. L. S. L'd'g & S. H. Co., $500 each	37,000	00
50 bonds C. C. L. S. L'd'g & S. H. Co., $1,000 each	50,000	00
Note H. F. Given & Co., due Nov. 13th, 1873, secured by note W. Stackhouse, due 26–29 Jan., 1874	2,750	00
Note of Blood Fertilizing Works, due Nov. 19th, 1873, secured by certificate for 80 shares B. F. W., $100 ea	8,000	00
Note of E. Dubois, due Nov. 21st, 1873, secured by certificate for 8 shares N. O. Mut. Ins. Assoc'n, $100 ea	800	00
Note of L. E. Lemarie, due Nov. 25th, 1873, secured by certificate for 85 shares Germania Ins. Co., $100 ea	8,500	00
Note of H. F. Given & Co., due Dec. 2d, 1873, secured by note W. Stackhouse, due Jan. 19th, 1874	5,000	00
Note A. Tertron, due Dec. 3d, 1873—		
secured by note L. Campos, due Dec. 13–16, 1873	735	68
" " " S. Aucoin, due Dec. 10–13, 1873	1,085	68
" " " Vve. Lenormand, due Jan. 14–17, 1874.	4,161	22
43 Note A. Thibaut, due Dec. 4th, 1873, secured by certificate 40 shares N. O. Mut. Ins. Assoc'n, $100 each	$4,000	00
Note P. S. Wiltz & Co., due Dec. 6th, 1873—		
secured by note Jos. Loreau & Fils, due 1st Jan., 1874.	2,171	48
" " " " " " " " "	2,171	48
" " " A. Lastrapes & Co., due 2d Jan., 1874.	7,000	00
Note Rickarby & Laffon, due Dec. 18, 1875—		
secured by mortgage note, L. Lange	2,500	00
" " note, J. M. Murph, due Jan. 5–8, 1873	2,000	00
" " " F. D. Rushing, due Jan. 6–9, 1873	500	00
" " " Ja's Cappel & Dudley A. Curry, Dec. 6–9, 1873	4,000	00
" " " Ja's Chappel & Dudley A. Curry, Feb. 6–9, 1873	4,000	00

Exhibit D.

Collections and payments made for account of Société de Crédit Mobilier of Paris.

D'r.

1873.		
Oct. 21. Remitted draft to Jacques Siegfried & Co., f'cs 20,000 @ f. 4.87½	$4,102	57
" 21. Reimbursed to notary protest fees and cab expenses, note C. J. Hoyt	8	50
" 25. Remitted draft C. Kohn on Kohn, Reinach & Co., f'cs 343.83 @ f. 4.81¼	1,318	20
" 30. Remitted draft, Aug. Bohn on O. F. Krauss & Co., f'cs 8,661.10 @ f. 4.97½	1,740	93
Nov. 6. C. Cavaroc & Son on Von Leboucher & Fils, f'cs 21,788.98 @ 5.17½	4,210	43
" 7. C. Cavaroc & Son on Von Leboucher & Fils, f'cs 6,546.38 @ 5.17½	1,265	00
	$12,645	63

Cr.

1873.			
Oct.	6.	64 days' interest, at 8 per cent., on renewal of note of R. Villaurubia, $3,500	$49 85
"	7.	Received on account note of Randall & Co., due this day, of $4,500	500 00
		64 days' interest, at 8 per cent., on renewal of past note Randal & Co., $4,000	56 89
"	8.	64 days' interest, at 8 per cent., on renewal of note Jno. B. Vinet, of $1,000	14 22
44	Oct. 8.	39 days' interest, at 8 per cent., on renewal of ½ note Dupre, Reine Co., (on $1,250)	$10 82
Oct.	8.	44 days' interest, at 8 per cent., on renewal of ½ note Dupre, Reine & Co., ($1,250)	12 24
"	9.	64 days' interest, at 10 per cent., on renewal of note P. S. Wiltz & Co., of $12,000, due 6th inst	213 33
"	9.	64 days' interest, at 10 per cent., on renewal of note P. S. Wiltz, of $5,000, due 9th inst	88 89
"	11.	Collection of note W'm L. Cushing, due this day	647 48
"	14.	" " ½ " E. Silvestre	163 35
"	16.	" " " E. H. Flory	76 15
"	16.	64 days' interest, at 10 per cent., on renewal of note R. Villarubia, of $3,000	53 33
"	19.	Received on account protested note, Charles F. Hoyt, due 17th inst., $382	210 50
"	19.	Received on account note I. Bloom & Co., due this day, $2,834.65	1,395 54
"	19.	15 days' interest, at 8 per cent., on renewal balance note I. Bloom & Co., $1,439.11	4 76
"	20.	64 days' interest, at 10 per cent., on renewal note P. S. Wiltz & Co., $5,000	89 89
"	20.	39 days' interest, at 8 per cent., on renewal note Dupre, Reine & Co., $2,000	17 33
"	20.	Received balance of protested note C. J. Hoyt, and charges	180 60
"	23.	Collection of note B. H. Lehman, due this day	751 70
"	24.	Collection of note J. Braselman, due this day	750 00
"	24.	Collection of ½ note D. Dumestre, $286	143 00
"	28.	Collection of ½ note I. K. Levy & Son, $1,650	825 00
"	28.	34 days' interest, at 8 per cent., on renewal, I. K. Levy & Son, $825	6 23
"	31.	Collection of ½ note DeBlanc & Beer, $1,819.40	909 70
"	31.	Collection of balance note D. Dumestre, and 6 days' interest, at 8 per cent	143 19
Nov.	3.	Received on account note I. Bloom & Co., $1,439.11	439 11
"	3.	24 days' interest, at 8 per cent., on renewal balance note I. Bloom & Co., $1,000	5 33
"	3.	Received on account note G. Lavie, of $4,050	473 18
"	3.	34 days' interest, at 8 per cent., on renewal balance note G. Lavie $3,576.82	26 82
"	4.	Collection of balance note M'r's Anna Saron	500 00
"	4.	Collection of balance note Aiken & Watts	500 00
"	6.	Received on account note Allen, Poole & Co., $15,000	2,000 00

Nov.	6.	34 days' interest, at 10 per cent., renewal balance note Allen, Poole & Co., $13,000	122 80
"	7.	Received on account note H'y Grobel & Co., $5,000	1,265 00
			$12,645 63

45 EXHIBIT D—Continued.

D'r.

Nov.	20.	Purchase of $2,174.75 c'y, @ 102 per cent	$43 50
"	21.	" " $2,966.90 c'y, @ 101⅞-¼	59 47
"	25.	" " $852.66 c'y, @ 101½, and ¼ brokerage	13 79
"	27.	Paid E. C. Billings, attorney, as per his receipt	1,500 00
"	28.	Purchase of $928.90 c'y, @ 107 1/16, and ⅛ brokerage	11 75
Dec.	1.	" " $2,252.85 c'y, @ 101¼	25 37
"	1.	" " $60.45 " @ 101⅛	66
"	3.	" " $2,467.55 " @ 101 3/16, and ¼ brok'age	32 45
"	5.	" " $124.70 " @ 101¼	1 57
"	8.	" " $380.15 " @ 101¼	4 75
"	9.	" " $2,052,45 " @ 101¼ per cent	30 77
"	11.	" " $37.40 " @ 101 per cent	38
"	17.	" " $654.16 " @ 100½ per cent	3 29
"	18.	Paid bills G. Legardeur, notary public	63 50
"	18.	To balance	$16,601 42
			$18,492 67

E. & O. E.

NEW ORLEANS, *Dec. 18th*, 1873.

C'r.

Nov.	10.	Received on account note Allen, Poole & Co., of $5,000	1,000 00
"	10.	64 days' interest, at 10 per cent., on renewal balance note Allen, Poole & Co., $4,000	71 11
"	12.	Collection of note Sam'l Jacobs	800 00
"	14.	Received on account note M. J. Zunts & Co. of $1,000	200 00
"	14.	64 days' interest, at 8 per cent., on renewal balance note M. J. Zunts & Co., $800	11 38
"	15.	24 days' interest, at 8 per cent., renewal note Dupre, Reine & Co., $1,250	6 65
"	15.	Collection note J. N. Charbonnet	150 00
"	17.	Received on account note J. Saron, of $687	537 00
"	17.	10 days' interest, at 8 per cent., on renewal balance note J. Sarran, $150	35 00
"		Collection, note H'y Groebel & Co	1,875 00
"	20.	Received on account note J. Llado, of $151.32	75 66
"	20.	34 days' interest, at 10 per cent., on part note J. Llado & Co., $75.66	71
"	20.	Collection note I. Bloom & Co.	875 00

Nov.	20.	24 days' interest, at 8 per cent., on renewal note Dupre, Reine & Co., $1,250	6 65
"	21.	Collection of note E. Dubois	200 00
46	Nov.	21. 64 days' interest, at 8 per cent., on renewal note E. Dubois, $200	$2 85
"	24.	34 days' interest, @ 8 per cent., on renewal note P. S. Wiltz & Co., $6,250	47 22
"	24.	Rec'd on account note D. O. D. Sullivan, of $2,300	300 00
"	24.	24 days' interest, @ 8 per cent., on renewal balance note D. O. D. Sullivan, $2,000	10 67
"	24.	Rec'd on account note R. Nugent & Co., $1,500	500 00
"	24.	34 days' interest, @ 8 per cent., on renewal balance note R. Nugent & Co., $1,000	7 56
"	25.	Rec'd on account note Allen, Poole & Co., $4,000	750 00
"	25.	24 days' interest, @ 8 per cent, on renewal ½ balance note Allen, Poole & Co., $1,625	8 66
"	25.	39 days' interest, @ 8 per cent, an renewal ½ balance note Allen, Poole & Co., $1,625	14 09
"	25.	34 days' interest, @ 8 per cent., on renewal note L. E. Lemaire of $3,500	26 45
"	26.	Rec'd on account note I. Bloom & Co. of $1,000	500 00
"	26.	24 days' interest, @ 8 per cent., on renewal balance note I. Bloom & Co., $500	2 60
"	27.	Rec'd on account note Dupré, Reine & Co., of $2,000	500 00
"	27.	16 days' interest, @ 8 per cent., on renewal balance note Dupré, Reine & Co., $1,500	5 35
Dec.	1.	Rec'd on account note J. Sarran, $150	50 00
"	1.	15 days' interest, @ 8 per cent., on renewal balance note J. Sarran, $100	35
"	1.	Collection note H'y Groebel & Cie	1,375 00
"	1.	Rec'd on account note I. K. Levy & Son, of $825	400 00
"	1.	34 days' interest, @ 8 per cent, on renewal balance note I. K. Levy & Son., $225	3 22
"	2.	44 days' interest, @ 10 per cent., on renewal note P. S. Wiltz & Co., $5,000	61 11
"	3.	Rec'd on account note A. Tertrou, of $5,000	2,500 00
"	5.	Rec'd on account note G. Lavie, of $3,576.82	100 00
"	5.	34 days' interest, @ 8 per cent., on renewal balance note G. Lavie, $3,476.82	26 27
"	6.	34 days' interest, @ 8 per cent., on renewal note P. S. Wiltz & Co., $5,000	33 33
"	8.	34 days' interest, @ 8 per cent, on renewal note P. S. Wiltz & Co., $12,000	90 67
"	8.	Rec'd on account note F. Degeorge, due 3 Nov., $1,590.64	1,090 64
"	8.	35 days' interest, @ 8 per cent., on above note of $1,590.64	14 38
"	8.	34 days' interest, @ 8 per cent., on renewal balance note F. Degeorge, $500	3 78
47	Dec.	9. Rec'd on account note Allen, Poole & Co., $13,000	$2,000 00
"	9.	34 days' interest, @ 8 per cent., on renewal balance note Allen, Poole & Co., $11,000	83 12
"	10.	34 days' interest, @ 8 per cent., on renewal note P. S. Wiltz & Co., $5,000	37 78

Dec. 15.	Collection balance note J. Sarran	100 00
" 15.	44 days' interest, @ 8 per cent., on renewal note P. S. Wiltz & Co., $6,250	61 11
" 15.	Rec'd on account note D. O. D. Sullivan, $2,000.	500 00
" 15.	64 days' interest, @ 8 per cent., on renewal balance note D. O. D. Sullivan, $1,500	21 33
" 15.	Rec'd on account note E. Sylvestre	75 00
" 48.	" " " " Allen, Poole & Co., of $1,625	625 00
" 18.	34 days' interest, @ 8 per cent., on renewal balance note Allen, Poole & Co., $1,000	7 55
" 18.	64 days' interest, @ 8 per cent., on renewal note Ricarby & Laffon, $10,411.10	148 07
		$18,392 67
Dec. 18.	By balance from Société de Crédit Mobilier	$16,601 42

E. & O. E.

NEW ORLEANS, *Dec. 18th*, 1873.

Notice of filing answer.—Extract from chancery order-book.

CHANCERY RULES, *Monday, Feb'y 2d*, 1874.

JOHN COCKREM, RECEIVER OF N. ORLEANS National Banking Association,
vs.
CAVAROC & AL.

The Société de Crédit Mobilier, of Paris, France, by its solicitors, Clarke, Bayne & Renshaw, has this day filed its answer to the complainant's bill of complaint.

48 *Replication to answer Crédit Mobilier.—Filed 3d February*, 1874.

Circuit court of the United States, district of Louisiana.

In equity. No 7064.

The replication of John Cockrem, receiver of the New Orleans National Banking Association, complainant, to the separate answer of the Société de Crédit Mobilier, of Paris, France, one of defendants named in said bill of complaint herein.

This repliant, saving and reserving unto himself all and all manner of exception to the manifold insufficiencies in said answer, for replication thereunto saith that he will aver and prove his said bill to be true, certain, and sufficient in law to be answered unto, and that said answer of said defendant is uncertain, untrue, and insufficient to be replied unto by this repliant.

Without this, that any other matter or thing whatsoever in the said answer contained material or effectual in law to be replied unto, confessed or avoided, traversed or denied, is true. All of which matters and things this repliant is and will be ready to aver and prove as this honorable

court shall direct, and humbly prays as in and by his bill he hath already prayed.

J. R. BECKWITH,
Solicitor for Complainant.

49 *Notice of filing of the replication.—Extract from chancery order-book.*

CHANCERY RULES, *Monday, Feb'y 3d*, 1874.

JOHN COCKREM, REC'd N. O. NATIONAL BANK'G Association,
vs.
CAVAROC ET AL. } No. 7064.

The complainant herein, by his solicitor, has this day filed his replication to the separate answer of the Société de Crédit Mobilier of Paris, France, defendant.

Motion and order rule fixed.—Extract from the minutes of .

NEW ORLEANS, *Monday, Feb'y 16th*, 1874.

Court met pursuant to adjournment.
Present: Hon. W. B. Woods, circuit judge.
" " E. H. Durell, district judge.

JOHN COCKREM, REC'R,
vs.
CAVAROC ET AL. } No. 7064.

On motion of J. D. Rouse and J. R. Beckwith, solicitors for complainant, it is ordered that the rules heretofore taken for an injunction
50 pendente lite and the appointment of a receiver in this suit be assigned for trial on Saturday next, the 21st inst., at 11 a. m., and that defendants be notified thereof.

Notice of trial.—Issued Feb'y 16th, 1874.

Circuit court of the United States for the fifth judicial circuit and district of Louisiana.

JNO. COCKREM, REC'R,
vs.
CAVAROC ET AL. } No. 7064.

You are hereby notified that the rule heretofore taken for an injunction and for appointment of a receiver in this case is assigned for trial for Saturday, the 21st day of February, A. D. 1874, at 11 o'clock a. m.
By order of court.
Witness my hand and seal of the said court, at New Orleans, this 16th day of February, A. D. 1874.
[SEAL.] (Signed) F. B. VINOT, *D'y Clerk.*
To CLARKE, BAYNE & RENSHAW.
" BILLINGS & HUGHES.
" F. FUSELIER.

51 *Marshal's return thereon.*

Received February 18th, 1874, by the U. S. marshal, and on same day, month, & year served a copy of within notice of trial on the within named in the following manner: On F. Fuselier personally; and on Billings & Hughes on the 18th personally; on Billings, and on Clarke, Bayne & Renshaw personally; on Renshaw on the 18th.

(Signed) S. W. REED,
Dy U. S. Marshal.

Order on rule.—Extract from the minutes of February 21st, 1874.

JNO. COCKREM, REC'R, vs. CH'S CAVAROC & SON ET AL. } No. 7064.

This cause came on for hearing upon the motion of the complainant for injunction pendente lite and for the appointment of a receiver.

Whereupon, with the consent of as well the solicitor and counsel for the complainant as also the solicitor and counsel for the defendants, it is ordered that the restraining order heretofore made in this cause be continued in full force and effect until the further order of the court.

52 And it is further ordered that the motion and prayer for the appointment of a receiver in this cause be also granted and allowed, and that such person as may be selected and agreed upon by the said complainant and the said solicitor for the said defendants, the Societé de Crédit Mobilier, may agree upon as a fit person shall be so appointed such receiver, with such powers and restrictions as shall or may be hereafter *be* determined by the order of the court upon the appointment and confirmation of such receiver.

Consent to appoint receivers and motion and order appointing receivers.—Extract from the minutes of Tuesday, March 10th, 1874.

JNO. COCKREM, REC'R, vs. CAVAROC ET AL. } No. 7064.

On motion of J. D. Rouse, solicitor for complainant, and Clarke, Bayne & Renshaw for defendants, submitting the nomination of John Cock-

52 rem and W. F. Halsey to be appointed receivers in this cause, pursuant to the order herein entered Feb'uary 21st, 1874, and the court approving said nomination, it is ordered that said nomination be confirmed, and that said John Cockrem and W. F. Halsey be, and they are hereby, appointed receivers in accordance with the prayer of complainant's bill of complaint, (to act jointly,) with full power and authority to receive and take possession of the bills, notes, and assets mentioned in said bill of complaint and Exhibit A, thereto annexed, and all other assets and property held by the defendants, or either of them, the title of which is in dispute in this case; also with full power and authority to collect said bills, notes, and assets, by suits or otherwise. And for the faithful performance of the trust repose' in said receivers under this order, or which may be reposed in them by any future order of the court in the premises, they shall give bond in the penalty of twenty-five thousand dollars each, with surety to be approved by the clerk of this court.

54 The compensation of said receivers shall be hereafter deter-

mined on a consideration of their trouble, skill, and diligence in the premises.

And it is further ordered that the defendants, immediately upon the qualifications of said receivers, shall account to and turn over to them all said bills, notes, and assets mentioned in said bill of complaint and exhibit, and all other assets or property received by them from the New Orleans National Banking Association, (or the proceeds of the collection thereof,) which the complainant seeks to recover in this suit, to be by said receivers held and disposed of as this court shall order and decree.

And it is further ordered that said receivers do invest the money coming to their hands as such in registered bonds of the United States whenever they shall have accumulated five thousand dollars, (and may so invest smaller sums at their discretion;) said bonds to be held subject to the order and disposition of this court.

And it is further ordered that, except as hereby modified, the
55 restraining order hereinbefore granted do remain in full force until the further direction of this court.

Bond of John Cockrem as receiver.—Filed April 2d, 1874.

UNITED STATES OF AMERICA:

Know all men by these presents that we, John Cockrem, as principal, and Joseph Hernandez, as security, are held and firmly bound, jointly and severally, unto the United States of America, John Cockrem, receiver of the New Orleans National Banking Association and La Société de Crédit Mobilier of Paris, France, in the sum of twenty-five thousand dollars, lawful money of the United States of America, to be paid to the said United States of America, John Cockrem, receiver of the New Orleans National Banking Association, and La Société de Crédit Mobilier of Paris, France, heirs, executors, administrators, and assigns; for which payment, well and truly to be made, we bind ourselves and each of us, by himself, and each of our heirs, executors, and administrators firmly by these presents, sealed with our seals and dated the second day of
56 April, in the year of our Lord eighteen hundred and seventy-four.

Whereas the said John Cockrem has, by the order of the honorable the circuit court of the United States for the fifth circuit, holding sessions in and for the district of Louisiana, been appointed receiver in the cause now pending in said court, wherein Jno. Cockrem, receiver of the New Orleans National Banking Association, is complainant, and C. Cavaroc & Son and others are defendants, as will more fully appear by said order entered in said cause March 10th, 1874:

Now the condition of the above obligation is, that if the above-bounden John Cockrem shall well, truly, and faithfully perform and discharge all the duties of such receiver and will well and truly pay over and account for all the property and moneys which shall come into his hands as such receiver in accordance with the orders of said court in said cause, then this obligation to be void; otherwise to remain in full force and virtue.

57 (Signed,) JOHN COCKREM [L. S.]
J. HERNANDEZ [L. S.]

Signed, sealed, and delivered in presence of—
(Signed) R. B. HOLLY.

Approved:
(Signed) F. A. WOOLFLEY, *Clerk.*

Joseph Hernandez, surety on the within bond, being duly sworn, says that he is worth the sum of twenty-five thousand dollars over and above all his debts and liabilities.

(Signed) J. HERNANDEZ.

Sworn to and subscribed before me this 2d day of April, 1874.

(Signed) F. B. VINOT,
U. S. Comm'r.

Bond of William F. Halsey as receiver.—Filed April 2d, 1874.

UNITED STATES OF AMERICA:

Know all men by these presents, that we, William F. Halsey, as principal, and Joseph T. Burdeau, as surety, are held and firmly bound, jointly and severally, unto the United States of America, Jno. Cockrem, receiver of the New Orleans National Banking Association and
58 La Société de Crédit Mobilier of Paris, France, in the sum of twenty-five thousand dollars, lawful money of the United States of America, to be paid to the said United States of America, Jno. Cockrem, receiver of the New Orleans National Banking Association, and La Société de Crédit Mobilier, of Paris, France, heirs, executors, administrators, and assigns, for which payment, well and truly to be made, we bind ourselves and each of us, by himself, and each of our heirs, executors, & administrators firmly by these presents, sealed with our seals and dated the 2d day of April, in the year of our Lord eighteen hundred and seventy-four.

Whereas the said William F. Halsey has, by the order of the honorable the circuit court of the United States for the fifth circuit, holding sessions in and for the district of Louisiana, been appointed receiver in the cause now pending in said court, wherein John Cockrem, receiver of the New Orleans National Banking Association, is complainant,
59 and C. Cavaroc & Son and others are defendants, as will more fully appear by said order entered in said cause March 10th, 1874:

Now the condition of the above obligation is, that if the above-bounden William F. Halsey shall well, truly, and faithfully perform and discharge all the duties of such receiver, and will well and truly pay over and account for all the property and moneys which shall come into his hands as such receiver in accordance with the orders of said court in said cause, then this obligation to be void; otherwise to remain in full force and virtue.

(Signed) W. F. HALSEY. [L. S.]
" J. T. BURDEAU. [L. S.]

Signed, sealed, and delivered in presence of—
(Signed) R. B. HOLLY.

Approved:
(Signed) F. A. WOOLFLEY, *Clerk.*

Joseph T. Burdeau, surety on the within bond, being duly sworn, says that he is worth the sum of twenty-five thousand dollars over and above his debts and liabilities.

(Signed) J. T. BURDEAU.

60 Sworn to and subscribed before me this 2d day of April, 1874.

(Signed) F. B. VINOT,
U. S. Comm'r.

Motion and order appointing examiner.—Extract from the minutes of April term, 1874.

NEW ORLEANS, *Monday, April 27th*, 1874.

JNO. COCKREM, REC'R,
vs.
CAVAROC ET AL. } No. 7064.

On motion of J. D. Rouse and J. R. Beckwith, solicitors for complainant, F. A. Woolfley, esq., is appointed examiner, to take the testimony in this cause.

Pro confesso against C. Cavaroc & Son.—Extract from the minutes of Friday May 1st, 1874.

JNO. COCKREM, REC'R,
vs.
CAVAROC ET AL. } No. 7064.

On motion of J. R. Beckwith, solicitor for the complainant, and it appearing that process of subpœna has been duly served upon
61 the defendants C. Cavaroc & Son, and Ch's Cavaroc, s'r, and Ch's Cavaroc, j'r, the individual members of said firm, and that each of them have failed to demur, plead, or answer to the bill of complaint within the legal delay, it is ordered that the said bill be taken as confessed by each of said defendants.

Motion and order to set aside pro confesso.—Extract from the minutes of Monday, May 6th, 1874.

JNO. COCKREM, REC'd,
vs.
CAVAROC ET AL. } No. 7064.

On motion of Billings & Hughes and F. Fuselier, solicitors for C. Cavaroc & Son, and Charles Cavaroc, senior, and Charles Cavaroc, junior, defendants herein, and on showing to the court that by a decree entered herein on the 1st day of May, 1874, the complainant's bill of complaint was taken pro confesso as to these defendants, and that said defendants have a good and valid defence herein, as they are advised and belcive, and are now ready to file their answer to said bill of
62 complaint; and further, by reason of the consent of said complainant, given herein and hereto in open court, it is ordered that the decree pro confesso herein entered against the said defendants on the first day of May instant (1874) be now vacated and set aside, and that said defendants have leave to file their answer as stipulated, without any terms being imposed on said defendants.

63 *Answer of C. Cavaroc & Son.—Filed May 6*, 1874.

United States circuit court, in chancery.

JOHN COCKREM, RECEIVER OF THE NEW ORleans National Banking Association,
vs.
C. CAVAROC & SON ET ALS. } No. 7064.

The joint and several answers of Charles Cavaroc, senior, and Charles Cavaroc, junior, individually and as members of the firm of C. Cavaroc & Son, defendants, to the bill of complaint of John Cockrem, receiver of the New Orleans National Banking Association, complainant.

These defendants, now and at all times hereafter, saving and reserv-

ing to themselves and each of them all benefit and advantage of exception which can or may be had or taken to the many errors, uncertainties, and other imperfections in the said complainant's said bill of complaint contained, for answer thereto or unto so much and such parts thereof as the defendants are advised is or are material for them or any of them to make answer unto, they, these defendants, severally answering, say:

That they admit that, on or about the 12th day of July, 1873, the said New Orleans National Banking Association, a body-corporate under the laws of the United States, was engaged in the banking business in the city of New Orleans, and continued so to carry on such business until the 4th day of October, 1873, and that said Charles Cavaroc,
64 senior, one of these defendants, was president of the board of directors thereof. They admit and aver that, on or about the 12th day of July, 1873, the said Charles Cavaroc, senior, acting in his capacity as president of said banking association, entered into an arrangement with the Société de Crédit Mobilier, one of the defendants to said bill of complaint, whereby the said Société de Crédit Mobilier agreed to accept bills of exchange to be drawn by the said New Orleans National Banking Association, payable ninety days after sight, to the amount of one million francs, the amount of which bills was to be placed with the said Société de Crédit Mobilier ten days before the maturing thereof.

They admit that the said arrangement also contemplated the deposit of securities of said association in the hands of the commercial firm of C. Cavaroc & Son, these defendants, but they aver that they, these defendants, were the agents of both parties in the premises.

They admit that the said Société de Crédit Mobilier claim that, in pursuance of said arrangement, bills of exchange were, on or about the 12th day of July, 1873, drawn upon the said Société de Crédit Mobilier by said New Orleans National Banking Association, at ninety days' sight, to the amount of one million francs, and that the same were negotiated, and the proceeds thereof, amounting to two hundred and eighteen thousand four hundred and fifty-four dollars and thirty-four cents, were credited on the books of the said banking association to the said Société de Crédit Mobilier and still remain so credited; and they aver that they are informed, and have reason to believe, and do believe, that said bills were accepted by the said Société de Crédit Mobilier, and that by reason thereof the said Société de Crédit Mobilier became creditors of said banking association.

65 And these defendants, further answering, aver that it is untrue, as alleged in the complainant's bill, that at the time of the alleged drawing, negotiation, and acceptance of said bills, no pledge of any objects or securities of said New Orleans National Banking Association was made to said Société de Crédit Mobilier, or any other person or corporation, and that none of said banking association's securities were delivered to these defendants, (C. Cavaroc & Son,) or to any other person or persons or bodies-corporate, for the purpose of securing the said Société de Crédit Mobilier or any party to, or holder of, said bills; and that it is untrue that any pledge or delivery of securities so made was without the authority or sanction of the board of directors of said association, but on the contrary, they aver that the documents in the schedule annexed marked "Exhibit A," and made part of this answer, (except a few which, having been paid or renewed after the 12th day of July, 1873, were replaced by others of equivalent amounts which stand in their place in said schedule,) were placed by the said association in the hands of these defendants, on or about the 12th day of July, 1873,

as a security to the said Société de Crédit Mobilier for their credit and advances as aforementioned: that said security being insufficient, a further deposit of collaterals, representing about one hundred thousand dollars, was made a short time thereafter: that some portion of the securities deposited with these defendants was paid into the hands of said defendants, C. Cavaroc & Son, who allowed to said New Orleans National Banking Association the cash so received, upon securities being given equal thereto in lieu thereof, and these defendants aver
66 that the pledge and delivery of securities as aforesaid was to the knowledge, with the authority and sanction of the directors of said banking-association.

And these defendants, further answering, deny that the said banking-association was, on the 12th day of July, 1873, and long prior thereto had, and ever since then has been, in a state of insolvency, and that the fact of said insolvency was well known to the president and directors thereof and to these defendants and the said Société de Crédit Mobilier; and that they aver that, on the 12th of July, 1873, and anterior thereto, and up to the monetary crisis which occurred some time in the month of September, 1873, said banking association was in good credit and standing in New Orleans and other commercial cities of America and Europe.

And these defendants, further answering, say that it is true that the said association did, on or about the 24th September, 1873, suspend cash payments, but that this was done in common with all but two of the banks of New Orleans, on account of the monetary panic which existed in all parts of the country; and that, on the 4th of October following, the said banking association suspended and, on the 27th of October, 1873, passed into the hands of a receiver.

And these defendants, further answering, deny that it was subsequent to the 24th September, 1873, that the assets mentioned in schedule marked "Exhibit A," annexed to complainant's said bill, were delivered to them, but they aver that those mentioned in the schedule hereto annexed marked "Exhibit A," (except a few, as hereinbefore stated,) were delivered at the time, to wit, July 12th, 1873, pursuant to the said arrangement and agreement; that the amount of said securities
67 being insufficient under said agreement to secure the said Société de Crédit Mobilier against any risk, a few days thereafter the amount of the deposit with these defendants was increased by adding thereto further collaterals, representing about one hundred thousand dollars; that a portion of the securities deposited with these defendants having been paid, others were substituted therefor, so as not to change materially the amount of said deposit; that the schedule annexed thereto, marked "Exhibit B," exhibits the securities which was held by these defendants on the 8th day of April, 1874, and by them turned over to the receivers herein appointed, which said securities had come into the hands of these defendants in pursuance to the agreement aforesaid. Exhibit B is in four parts, further marked A, B, C, (1,) & C, (2;) and the schedule annexed hereto, marked "Exhibit C," shows the collections and transmissions by these defendants and the amount which was held by them on said 8th day of April, 1874, and by them turned over to said receivers. And these defendants say that these proceeds so accounted for in said Exhibit C, are from a portion of the securities deposited in their hands as security for said Société de Crédit Mobilier as aforesaid; and that all the said securities, those mentioned in Schedule B and those mentioned in Schedule C, were delivered to them prior to the said 27th September, 1873, to the best of their recollection and knowledge; and

that said securities were not given to prefer, but in order to fully comply with the previous agreement, and that, at the time, the said New Orleans National Banking Association, they believe, was in good credit and was solvent.

68 And these defendants, further answering, deny that the said delivery and transfer of said securities was made and accepted in contemplation of the insolvency of the said New Orleans National Banking Association, and with a view to give a preference to the said Société de Crédit Mobilier over the creditors of said association, contrary to the provisions of section 52 of the act of Congress aforesaid, approved June 3, 1864, and to prevent the application of such assets in the manner provided in said act.

And these defendants, further answering, deny that said transfer and delivery of said securities was without the authority of the board of directors of said association, in fraud of the rights of the creditors thereof, and null and void; that no title thereto or rights in the premises were acquired thereby by the said Société de Crédit Mobilier, and that said complainant or receiver has a right to the restoration of the same or the proceeds of such as may have been or be collected, and any right to administer the same; and these defendants aver that said transfer and delivery of said securities was with the authority and sanction of the board of directors of said banking association, is not in fraud of the rights of the creditors thereof, and is good and valid; and that these defendants are advised and believe the said Société de Crédit Mobilier has acquired title to said securities, as hereinbefore set forth, and that said receiver has no right to the restoration of said securities, nor to the proceeds of such as may have been or may be collected; nor has said receiver any right to administer the same.

And these defendants, further answering, say that in all their actings and doings in the premises they have acted in good faith and in

69 due course of business, without any knowledge of insolvency of said New Orleans National Banking Association; that said association was in good credit during the entire time of said transaction, and up to the time of suspension, to wit, October 4th, 1873; that they are informed and believe that the said Société de Crédit Mobilier advanced their credit to said banking association for the purpose of a legitimate business and for the sake of mutual profit, and that there has been no transaction, as averred in any manner by said bill of complaint, to contravene the provisions of the act of Congress approved June 3, 1864, and especially the fifty-second section thereof.

And these defendants deny all and all manner of unlawful combination and confederacy wherewith they are by the said bill charged, without this, that there is any matter, cause, or thing in said complainant's said bill of complaint contained material or necessary for these defendants to make answer unto and not herein and hereby well and sufficiently answered, confessed, traversed, and avoided or denied, is not true to the knowledge or belief of these defendants; all which matters and things these defendants are ready and willing to aver, maintain, and prove as this honorable court shall direct, and humbly pray to be hence dismissed with their reasonable costs and charges in this behalf most wrongfully sustained.

C. CAVAROC,
C. CAVAROC, J'R,
Defendants.

BILLINGS & HUGHES,
FERGUS FUSELIER,
Solicitors for Defendants.

70 Charles Cavaroc, senior, and Charles Cavaroc junior, being duly sworn, do severally, and each for himself individually anp as partners of the firm of C. Cavaroc & Son, depose and say that they are respectively the defendants named in the foregoing answer subscribed by them; that they are the members of the firm of C. Cavaroc & Son; that they have read the foregoing answer and know the contents thereof, and that the same is true of their own knowledge, except as to the matters therein stated on information and belief, and as to those matters, they verily believe it to be true.

C. CAVAROC.
C. CAVAROC, J'R.

Subscribed and sworn to before me this 5th day of May, 1874.

F. B. VINOT,
U. S. Commissioner.

EXHIBIT A.

List of notes held in trust by C. Cavaroc & Son to secure joint operation of one million francs between the Crédit Mobilier of Paris and the New Orleans National Banking Association.

A. Dupaquier	Nov.	10, '73	$30,800 00
A. Sarron	"	10, '73	1,000 00
Aiken & Watts	"	4, '73	500 00
B. H. Lemann & Co	Oct.	23, '73	751 70
P. S. Wiltz & Co	"	20, '73	5,000 00
Dupré, Reine, & Co	"	20, '73	2,000 00
W'm Morrison & Co	"	19, '73	7,500 00
71 I. Bloom & Co	Oct.	19, '73	$2,834 65
Eug. Potet	"	19, '73	900 00
R. Villarubia	"	16, '73	3,000 00
A. Poincy	"	14, '73	8,500 00
Fairbanks & Gilman	"	13, '73	9,750 00
Fred. Camerden	"	13, '73	1,364 56
Wolf & Marks	"	11, '73	2,500 00
P. S. Wiltz & Co	"	9, '73	5,000 00
I. Bloom & Co	"	9, '73	3,108 50
Jno. B. Vinet	"	8, '73	1,000 00
Dupré, Reine & Co	"	8, '73	2,500 00
Felix Alexandre	Jan'y	13, '74	1,000 00
A. Chavalier	Dec.	13, '73	800 00
John Chapman	"	18, '73	1,500 00
M. C. Randall	Oct.	7, '73	4,500 00
C. Hodges	"	6, '73	2,488 00
E. K. Perry	"	6, '73	2,500 00
F. B. Fleitas	"	6, '73	3,000 00
R. A. Chiapella	"	6, '73	1,825 00
P. S. Wiltz & Co	"	6, '73	12,000 00
P. Delahoussaye	Jan'y	4, '74	1,734 00
Alfred Condran	"	4, '74	1,041 67
Diodat Stelly	"	4, '73	3,015 56
" "	"	4, '74	3,015 56
P. S. Wiltz	Oct.	4, '73	5,000 00
J. Loreau & Fils	Jan'y	4, '73	2,171 48
" " " "	"	4, '73	2,171 48

J. Lastrapes	Sept.	30, '73	7,000 00
C. Hodges	Oct.	3, '73	2,488 80
Flash, Lewis & Co	"	3, '73	570 55
F. Brion	Sept.	29, '73	810 00
Allen, Poole & Co	"	23, '73	8,000 00
72 E. H. Leman & Co	Sept.	23, '73	$751 00
E. Marquez	"	22, '73	5,000 00
Marx Weil	"	22, '73	1,425 50
Woods, Matthews & Co	"	22, '73	3,261 73
P. Boissonneau	"	22, '73	1,200 00
E. F. Mioton	"	20, '73	2,394 78
Ed. S. Wurzburger	"	20, '73	2,800 00
W'm Morrison	"	20, '73	1,002 00
Allen, Poole & Co	"	20, '73	10,000 00
F. A. Gonzales	"	20, '73	895 00
P. S. Wiltz & Co	"	20, '73	5,000 00
Rivers, Lonsdale & Co	"	19, '73	1,500 00
G. W. England	"	19, '73	1,200 00
Meyer Weill	"	19, '73	1,500 00
Jno. Rocchi	"	19, '73	3,000 00
M. Mann	Oct.	23, '73	2,000 00
H. F. Given & Co	Sept.	18, '73	11,313 68
A. A. Lobsdale	Jan'y	7, '74	5,000 00
Lehman, Goudcheaux & Co	Sept.	18, '73	2,635 50
P. Pons	"	18, '73	1,500 00
DeBlanc & Beer	"	16, '73	2,000 00
			$220,021 43

New Orleans, July 12, 1873.

HENRY BLACHE, *Cashier.*

73 EXHIBIT B.—(A.)

List of notes held for account of trust Société de Crédit Mobilier of Paris, and still due.

Drawers.	Or'g'l note.	Due.	Amount due.
1. A. Tertrou	$5,000 00	8 April, 1874	$1,535 55
2. L. E. Lemarie	3,500 00	7 June, 1874	3,500 00
3. G. Lavie	4,050 00	18 May, 1874	3,176 00
4. M. J. Zunts & Co	1,000 00	4 June, 1874	350 00
5. D. O. Sullivan	2,300 00	25 May, 1874	500 00
6. Allen, Poole & Co	13,000 00	21 June, 1874	7,500 00
7. S. W. Allen, (Poole & Co.)	5,000 00	21 June, 1874	2,000 00
			$18,561 55

COLLATERALS.

No. 1. L. Campo, $735.68 ..... 13- 6 Dec., 1873.
No. 1. L. Aucoin, 1,085.68 ..... 10-13 Dec., 1873.
No. 1. V've Lenormand, 4,161.22 ..... 15-18 Jan., 1874.
No. 2. Certificate No. 60, Germania Insurance Co ..... 50 shares.
No. 2. Certificate No. 63, Germania Insurance Co ..... 20 shares.
No. 2. Certificate No. 64, Germania Insurance Co ..... 15 shares.

E. & O. E.

New Orleans, April 8th, 1874.

C. CAVAROC & SON,
In Trust.

EXHIBIT B.

List of notes held for account of trust Société de Crédit Mobilier of Paris, past due and not protested.

	Drawers.	Original note.	Due.	Amount due.
1.	Fairbanks & Gilman..	$1,500 00	On demand	$11,233 05
2.	Fairbanks & Gilman..	7,750 00	13 October, 1873..	9,750 00
3.	A. Thibaut	4,000 00	4 Dec'mb'r, 1873 .	4,000 00
4.	J. B. Vinet	1,000 00	10 Dec'mb'r, 1873 .	1,000 00
5.	Drupré, Reine & Co ..	2,000 00	13 Dec'mb'r, 1873 .	2,000 00
6.	E. Silvestre	326 68	16 Dec'mb'r, 1873 .	90 66
7.	P. S. Wiltz & Co	5,000 00	12 January, 1874..	5,000 00
8.	P. S. Wiltz & Co	5,000 00	14 January, 1874..	5,000 00
9.	P. S. Wiltz & Co	5,000 00	24 January, 1874..	5,000 00
10.	E. F. Mioton	1,500 00	26 January, 1874..	1,531 00
11.	A. Dupaquier	31,244 27	24 Febr'ary, 1874..	31,244 27
12.	Rickarby & Laffon ...	10,000 00	19 Febr'ary, 1874..	10,411 10
13.	Randall & Co	4,500 00	4 Febr'ary, 1874..	4,000 00
				$90,260 08

74 COLLATERALS.

Attached to notes numbered.

1. Act of sale st'r Tappahanock.
3. Certificate No. 78, for 4 shares N. O. Mut. Ins. Association.
5. (Dufor.) Note A. Carabin, dated April 1, 1873, due 10 Dec., 1874 ..... $300 00
   Note Felix Alexandre, dated March 4, 1872, due 15 Jan., 1874 ..... 1,000 00
   Note S. W. Ball, F. Curtis, dated March 5, 1873, due 1 Feb., 1874 ..... 4,000 00
   Protested note Jno. Chapman, dated April 1, 1873, due 15 Dec., 1873 ..... 1,500 00
10. Certificate No. 18, for 1 share L'a Cotton Manuf'y Co.
    Certificate No. 48, for 2 shares L'a Cotton Manuf'y Co.
12. Mortgage note L. Lange, dated Dec. 1, 1871, due 1 Dec., 1872 ..... 2,500 00
    Protested note Ja's Cappel, dated May 6, 1873, due 9 Dec., 1873 ..... 4,000 00
    Protested note J. M. Murph', dated May 5, 1873, due 8 Jan., 1874 ..... 2,000 00
    Protested note F. D. Rushing, dated May 6, 1873, due 9 Jan., 1874 ..... 500 00
    Protested note Ja's Cappel & Dudley A. Currey, dated May 6, 1873, due 9 Feb., 1874 ..... 4,000 00
13. Note Levi G. Hilburth, dated March 19, 1872, due Nov. 15, 1872 ..... 4,000 00
    G. M. Mallitt and Sarah S. Mallit, dated Feb. 20, 1869, due Aug. 18, 1870 ..... 2,500 00
    Note P. W. Robert, dated May 23d, 1868, on demand.... 548 97
    Note P. W. Robert, dated May 23d, 1868, on demand.... 1,155 14

E. & O. E.

New Orleans, April 8, 1874.

C. CAVAROC & SON,
In Trust.

EXHIBIT B.—[C (1).]

List of notes protested and held for account of trust of Société de Crédit Mobilier, of Paris.

	Drawer.	When due.		Amount due.
1.	C Hodges	6 October,	1873..	$2,488 78
2.	E. K. Perry			2,500 00
3.	F. B. Fleitas			3,000 00
4.	Franklin Roberts	7 October,	1873..	750 00
	5. C. Hodges			2,488 78
75	6. C. C. L. S. & S. H. Co	7 Nov'mb'r,	1873..	$50,000 00
	7. H. F. Given & Co	13 "	1873..	2,087 77
8.	Blood Fertiliz'g Works	19 "	1873..	6,000 00
9.	A. Roos & Co	20 "	1873..	15,000 00
10.	H. F. Given & Co	2 December,	1873..	5,293 50
11.	C. Hodges	5 "	1873..	2,488 80
12.	Dupre, Reine & Co	13 "	1873..	1,250 00
13.	R. Villarubia	8 "	1873..	3,500 00
14.	Dupre, Reine & Co	8 "	1873 .	1,250 00
15.	R. Villarubia	18 "	1873..	3,000 00
16.	John Williams & Son	24 "	1873..	5,215 63
17.	M. Watson	26 "	1873..	5,182 80
18.	P. S. Wiltz & Co	27 "	1873..	6,250 00
19.	E. F. Mioton	29 "	1873..	4,000 00
20.	P. S. Wiltz & Co	5 January,	1874..	5,000 00
21.	R. Villarubia	7 "	1874..	9,128 00
22.	P. S. Wiltz & Co	10 "	1874..	12,000 00
23.	E. F. Mioton	24 "	1874..	2,394 78
24.	A. Dupaquier	14 February,	1874..	10,000 00
25.	E. K. Perry	18 "	1874..	2,174 91
26.	A. Dupaquier	25 "	1874..	5,000 00
27.	A. Dupaquier	25 "	1874..	5,000 00
28.	E. F. Mioton	20 March,	1874..	1,507 64
				$17,751 39

E. & O. E.
New Orleans, April 8th, 1874.

C. CAVAROC & SON,
In Trust.

76 EXHIBIT B.—[C (2).]

COLLATERALS.

No. 7.	Note of W. Stackhouse, $2,750, protested.	
No. 8.	Certificate No. 10 Blood Fertilizing Works for 80 shares.	
No. 10.	Note of W. Stackhouse, 19 Jan., 1874	$5,000 00
No. 20.	Note of A. Lastrapes & Co., 2 Jan., 1874	7,000 00
No. 20.	Note of Jos. Loreau & Fils, 1-4 Jan., 1874	2,171 48
No. 20.	Note of Jos. Loreau & Fils, 1-4 Jan., 1874	2,171 48
No. 21.	V've Delahousaye, 1-4 Jan., 1874	1,734 73
No. 21.	Alfred Goudron, 1-4 Jan., 1874	1,041 67
No. 21.	Deodal Stelly, 1-4 Jan., 1874	3,015 56
No. 21.	Deodal Stelly, 1-4 Jan., 1874	3,015 56

No. 21. Certificate No. 422 New Orleans Insurance Association, 50 shares.
No. 6. 50 certificates C. C. L. S. L & S. H. Co. bonds, $1,000 each, numbered from 151 to 200, full coupons.
No. 6. 74 certificates C. C. L. S. L. & S. H. Co. bonds, $500 each, numbered from 127 to 200, full coupons.
E. & O. E.
New Orleans, April 8th, 1874.

CHARLES CAVAROC & SON,
In Trust.

EXHIBIT C.

Statement of collections from November 10th, 1873, on trust held for account of Société de Crédit Mobilier of Paris, up to April 6th, 1874.

1873.	CREDIT.	
Nov. 10.	Received on account note Allen, Poole & Co., of $5,000	$1,000 00
" 10.	64 days' interest on renewal note Allen, Poole & Co., of $4,000	71 11
" 12.	Collection of note Sam. Jacobs	800 00
" 14.	Received on account note M. J. Zuntz & Co., of $1,000	200 00
" 14.	64 days' interest, at 8 per cent., on renewal note Zuntz, $800	11 38
77 Nov. 15.	24 days' interest, at 8 per cent., note Dupré, Reine & Co., $1,250	$6 65
" 15.	Collection note J. N. Charbonnet	150 00
" 17.	Received on account note J. Sarran of $687	537 00
" 17.	10 days' interest, at 8 per cent., on renewal balance Sarran, $150	35
" 20.	Collection note H. Grobel & Co	1,875 00
" 20.	Received on account note J. Llado of $151.32	75 66
" 20.	34 days' interest on part note J. Llado of $75.66	71
" 20.	Collection note I. Bloom & Co	875 00
" 20.	24 days' renewal note Dupré, Reine & Co., $1,250	6 65
" 21.	Collection note E. Dubois	200 00
" 21.	64 days' interest on renewal note E. Dubois, $200	2 85
" 24.	34 days' interest on renewal note P. S. Wiltz & Co., $6,250	47 22
" 24.	Received on account note D. O. Sullivan of $2,300	300 00
" 24.	24 days' interest on renewal balance note Sullivan, $2,000	10 67
" 24.	Received on account note R. Nugent & Co., of $1,500	500 00
" 24.	34 days' interest on renewal balance note Nugent, $1,000	7 56
" 25.	Received on account note Allen, Poole & Co., $4,000	750 00
" 25.	24 days' interest renewal ½ balance note Allen, Poole, $1,625	8 66
" 25.	39 days' interest renewal ½ balance note Allen, Poole, $1,625	14 09

Nov.	25.	34 days' interest renewal note L. E. Lemarié, $3,500	26 45
"	26.	Received on account note I. Bloom & Co., of $1,000	500 00
"	26.	24 days' interest on renewal balance note I. Bloom, $500	2 60
"	27.	Received on account to collateral note Dupré, Reine & Co., $2,000	500 00
"	27.	16 days' interest on renewal balance Dupré, Reine & Co., $1,500	5 35
Dec.	1.	Received on account not J. Sarron, $150	50 00
"	1.	15 days' interest, renewal balance note J. Sarron, $100	35
"	1.	Collection note H. Groebel & Co	1,875 00
"	1.	Received on account note I. K. Levy & Son, of $825	400 00
"	1.	34 days' interest renewal balance note I. K. Levy & Son, $425	3 22
"	1.	244 days' interest renewal note P. S. Wiltz & Co., of $5,000	61 11
"	3.	Received on account note A. Tertrou of $5,000	2,500 00
"	5.	Received on account note G. Lavie of $3,576.82	100 00
78 Dec.	5.	34 days' interest renewal balance note G. Lavie, $3,476.82	$26 27
"	5.	634 days' interest renewal note P. S. Wiltz $5,000	33 33
"	5.	834 " " " " " " " $12,000	90 67
"	5.	Received on account note F. Degeorge, $1,590.64	1,090 64
"	5.	35 days' interest, from 3 Nov. to 8 Dec., $1,590.64	14 38
"	5.	34 days' interest renewal balance note F. Degeorge, $600	3 78
"	9.	Received on account note Allen, Poole & Co., $13,000	2,000 00
"	9.	34 days' interest on renewal balance note Allen, Poole, $11,000	83 12
"	10.	34 days' interest on renewal note P. S. Wiltz, $5,000	37 78
"	15.	Collection balance note J. Sarron	•100 00
"	12.	44 days' interest on renewal note P. S. Wiltz, $6,250	61 10
"	15.	Received on account note D. O. Sullivan, $2,000	500 00
"	15.	64 days' interest on renewal balance note D. O. Sullivan, $1,500	21 33
"	15.	Received on account note E. Silvestre	75 00
"	18.	" " " " Allen, Poole & Co., $1,625	625 00
"	18.	34 days' interest on renewal balance Allen, Poole & Co., $1,000	7 55
"	18.	64 days' interest on note Rickarby & Laffons, $10,411.10	148 07
"	19.	Balance note I. Bloom & Co. of $1,000	500 00
"	22.	34 days' interest renewal note P. S. Wiltz of $5,000	37 78
"	24.	64 " " " " A. Dupaquier of $10,000	142 22
"	26.	Balance note De Blanc & Beer of $1,819.40	909 70

Dec.	26.	58 days' interest renewal note De Blanc & Beer, $909.70	11 82
"	27.	Part note R. Nugent of $1,000	500 00
"	27.	24 days' interest renewal balance note R. Nugent, $500	2 67
"	29.	34 days' interest renewal note L. E. Lemarié, $3,500	26 46
"	3.	Balance note J. Llado, $151.92	75 66
1874.			
Jan'y	2.	Part note Allen, Poole & Co. of	1,625 00
"	2.	44 days' interest renewal note A. Dupaquier, $10,000	97 78
"	3.	Part note I. K. Levy & Son of $425	212 50
"	3.	34 days' interest on renewal balance note I. K. Levy & Son, $1,250	1 60
"	9.	Part note E. Lavie of $4,050	100 00
"	9.	34 days' interest renewal note G. Lavie, $3,376.82	25 51
	10.	Balance note F. Degeorge, originally $1,590.64	500 00
79	Jan.	11. 35 days' interest on renewal note Randall & Co., $4,000	$21 33
"	12.	Part note Allen, Poole & Co., of $11000	1,000 00
"	12.	" " " " " " " " $4,000	1,000 00
"	12.	34 days' interest renewal balance note Allen, Poole & Co., $10,000	75 56
"	12.	34 days' interest renewal balance note Allen, Poole & Co., $3,000	22 67
"	16.	Part note M. J. Zuntz & Co. of $1,000	200 00
Jan.	16.	34 days' interest renewal balance note Zunts & Co., $600	4 55
"	19.	Balance note R. Nugent of $1,000	500 00
"	20.	Part note Allen, Poole & Co. of $——	1,000 00
"	23.	Note E. Dubois	200 00
"	30.	34 days' interest renewal note L. E. Lemarie, $3,500	26 45
Feb.	4.	Part note A. Tertrou of $2,535.55	1,000 00
"	5.	" " I. K. Levy & Son, $212.50	100 00
"	5.	49 days' interest renewal I. K. Levy & Son, $112.50	1 20
"	11.	Part note G. Lavie of $3,376.82	100 00
"	11.	34 days' interest renewal note G. Lavie, $3,276.82	24 76
"	14.	Part note Allen, Poole & Co. of $10,000	1,500 00
"	14.	" " " " " " " " $83,000	500 00
"	14.	34 days' interest renewal balance note Allen, Poole & Co. of $8,500	64 22
"	14.	34 days' interest renewal balance note Allen, Poole & Co. of $2,500.00	18 89
"	18.	Part note D. O. Sullivan of $1,500	700 00
"	18.	34 days' interest renewal balance note Sullivan of $800	6 05
"	18.	Part note M. J. Zunts & Co. of $800	200 00
"	18.	44 days' interest on renewal balance note Zunts & Co., for $600	3 90
Mar.	15.	44 " " " " note L. E. Lemarie $3,500	26 45
"	16.	Part note G. Lavie of $3,276.82	100 82
"	16.	64 days' interest balance note G. Lavie, $3,176	45 17

Mar.	19.	Part note Allen, Poole & Co. of $8,500	1,000 00
"	19.	" " " " " " $2,500	500 00
"	19.	64 days' interest renewal Allen, Poole & Co. of $7,500 and $2,000	135 11
"	23.	Part note Zunts & Co. of $800	300 00
"	23.	64 days' interest renewal balance note Zunts & Co. of $500	7 11
"	25.	Balance original note I. K. Levy & Son	112 50
Apr.	2.	Part note M. J. Zunts & Co., $400	50 00
"	2.	Interest 64 days' renewal balance note Zunts & Co., $350	4 98
"	6.	64 days' interest on note Lemarie of $3,500	26 45
			$33,739 54

80 1873. DEBIT.

Nov.	20..	Purchase of $2,174 75	currency	@	102	per c't.		43 50
"	21..	" " 2,966 90	"	"	101 7-8–1/4	"		59 47
"	25..	" " 852 66	"	"	101 1/2–1/8	"		13 79
"	28..	" " 988 90	"	"	101 1-16–1/8	"		11 75
Dec.	1..	" " 2,252 85	"	"	101 1/8	"		25 37
"	1..	" " 60 45	"	"	101 1/4	"		66
"	3..	" " 2,467 55	"	"	101 3-16–1/8	"		32 45
"	5..	" " 124 70	"	"	101 1/4	"		1 57
"	8..	" " 380 15	"	"	101 1/4	"		4 75
"	9..	" " 2,052 35	"	"	101 1/4	"		30 77
"	11..	" " 37 40	"	"	101	"		38
"	17..	" " 654 16	"	"	100 1/2	"		3 29
"	18..	Paid bills E. Legardeur, j'r, notary public, protests						63 50
"	20..	Purchase of $780 62	currency	@	100 3/4	per cent.		5 82
"	20..	" " 500 00	"	"	100 5/8	"		3 15
1874.								
Jan.	23..	Charges paid sixth district court—						
		vs. Wilson & Fagan, endorsers Perry's note					6 10	
		vs. F. Degeorge, protested note					7 75	
								13 85
"	31..	Bill G. Legardeur, j'r, notary public, for protests						38 00
Feb.	28..	" " " " " " "						19 00
		Balance favor trust						33,368 47
								$33,739 54

E. & O. E.

New Orleans, April 8th, 1874.

Balance favor trust		$33,368 47
Less—		
Paid Billings	$1,500 00	
As per vouchers, Clarke, Bayne & Renshaw	120 90	
Deposit U. S. circuit court	20 00	
Paid for copy bill of complaint	10 00	
Fees to U. S. circuit court	2 50	
		1,653 40
		$31,715 07

JNO. COCKREM, REC'R,
vs.
C. CAVAROC & SON ET AL. } No. 7064.

The defendants, C. Cavaroc & Son, have this day filed their answer to the complainant's bill of complaint.

Application.—Filed May 18th, 1874.

United States circuit court, district of Louisiana. In equity.

JNO. COCKREM, REC'R N. O. NATIONAL BANK'G Association,
vs.
CAVAROC ET AL. } No. 7064.

To the honorable the judges of said court:

W'm F. Halsey and Jno. Cockrem, heretofore appointed by this honorable court receivers in said cause, as will appear by the order and decree of record therein, respectfully show that as such receivers they are in possession of four promissory notes made by A. Dupaquier and endorsed by A. A. Mouton, viz, two notes for five thousand dollars each, due January 25th, 1874; one note for ten thousand dollars, due
82 February 4th, 1874; and one note for thirty-one thousand two hundred and forty-four & $\frac{27}{100}$ dollars, due February 24th, 1874, which notes are unsecured, and both maker and indorser insolvent, as said receivers are informed, and after diligent inquiry believe.

They further show that said Dupaquier and said Mouton have made a proposition of compromise with their creditors, a copy of which is hereto annexed marked "A Z," and made a part hereof; that in their opinion the best interest of the parties to this suit will be attained by their concurrence in an acceptance of said proposed compromise; and the said Cockrem, in his capacity as complainant in said suit, respectfully submits the propriety of such compromise to the judgment of this honorable court, he being of opinion that such compromise is the best thing that can be done in the premises.

Wherefore it is prayed that the defendants, the Société de Crédit Mobilier, be ruled to show cause why this court should not order and
83 grant authority to said receivers to accept the aforesaid proposed compromise.

(Signed) J. D. ROUSE,
Sol'r for Halsey & Cockrem, Rec'rs.

Motion and order to show cause.—Extract from the minutes of May 18th, 1874.

United States circuit court, district of Louisiana.

COCKREM, REC'R,
vs.
CAVAROC ET AL. } No. 7064.

On motion of J. D. Rouse, solicitor, upon filing the application of W. F. Halsey and John Cockrem, receivers herein, in the matter of compro-

mise proposed by A. A. Mouton and A. Dupaquier, it is ordered that the defendant, the Société de Crédit Mobilier, show cause, if any it may or can, why the said receivers should not compromise with said Dupaquier and said Mouton on the terms by them offered. And thereupon Thomas L. Bayne, esq., of counsel for said Société de Crédit Mobilier, being present in court, took notice of said rule, and consenting to take the matter up forthwith, the same was submitted by both parties
84 upon the application, exhibit, and affidavits on file.

And thereupon the court, considering that the interest of all parties concerned required the acceptance of their proposition, and a compromise with said A. A. Mouton and said A. Dupaquier, on the terms mentioned & proposed therein, it was ordered that said John Cockrem and W'm F. Halsey, as receivers under the order of this court, be authorized to accept said proposition, the same to be without prejudice to the rights of the parties litigant in other respects.

EXHIBIT A Z.—*Filed May 18th*, 1874.

(Copy A Z.)

NEW ORLEANS, *March 10th*, 1874.

We propose to settle with the creditors of the commercial firm of A. A. Mouton on the following basis, viz:

1st. We assume to pay in full, as speedily as circumstances will allow, our cash balances, amounting as per statement to, say, $47,774.38, and our monthly bills, amounting as per statement to, say, $6,939.59.

2. Our creditors holding collaterals are to liquidate them in the
85 most advantageous manner possible, under the advice and direction of the committee of creditors hereinafter named, and are to credit the amount realized upon their total debts, the residu'm remaining due after liquidation of their collaterals to be settled as provided in following article.

3d. The ordinary creditors and the secured creditors for the balance remaining due after liquidation of their collaterals, as in foregoing article provided, are to receive thirty-three and one third per cent. of said debts in full satisfaction thereof, payable in our joint and several notes, at one, two, and three years, respectively, from date.

4th. We are to retain administration of our assets for the purpose of carrying out foregoing, said administration to be subject to the supervision and advice of the following committee of the creditors, viz: W. A. Bell, E. Conery, s'r, and C. F. Hauffman.

5th. This statement is made as of date February 20th, 1874; interest on debts calculated to that date.

6th. This agreement to be void unless signed by all the creditors, except those named in article 1st of this agreement.

86 (Signed) A. A. MOUTON.
A. DUPAQUIER.

Affidavit in re A. A. Mouton.—Filed May 18th, 1874.

In the matter of compromise of A. A. Mouton and A. Dupaquier with their creditors. We, the undersigned creditors of A. A. Mouton and A. Dupaquier, for the several amounts affixed below to our names, do hereby solemnly swear that, after a full examination of the affairs of the said firm of A. A. Mouton, we do hereby state it is our opinion that it

is for the advantage and benefit of all their creditors that they should accept the compromise offered by them under date the 10th day of March, 1874.

Signed.	Amount.
Me. Musson.....	$30,818 62, reserving collaterals.
P't N. O. Ins. Ass'n.....	13,737 65, ordinary claims.
J. C. Van Wickle..... ...	19,551 11, reserving collaterals.
W'm A. Bell, for W'm A. Bell & Co..	9,823 87.
E. Conery, j'r, for E. Conery Son & Co., in liquidation.....	33,711 11.

87 Sworn to and subscribed before me this 15th day of May, 1874.
[SEAL.] (Signed) W. L. EVANS,
Second Justice Peace for the Parish of Orleans, L'a.

Petition and order and motion and order granting delay to P. S. Wiltz & Co.—Entered and filed May 26th, 1874.

United States circuit court, district of Louisiana. In equity.

JOHN COCKREM, REC'R N. O. Nat. B'k'g Ass'n, *vs.* CAVAROC ET AL. } No. 7064.

To the honorable the judges of said court:

William F. Halsey and John Cockrem, heretofore appointed by this honorable court receivers in said cause, as will appear by the order and decree of record therein, respectfully show that as such receivers they are in possession of six promissory notes made by P. S. Wiltz & Co., viz:

Four notes of five thousand dollars each; one note for six thousand two hundred and fifty dollars, and one note for twelve thousand
88 dollars, and said makers are insolvent, as *as* said receivers are informed and after diligent inquiry believe.

They further show that said Wiltz & Co. assert their ability to pay their debts if time be given to them, and have asked an extention of time for payment. A copy of their proposition is hereto annexed, marked "BX," and made a part hereof.

That in the opinion of said receivers the best interest of the parties to this suit will be attained by their concurrence with other creditors in granting the extention of time asked, and the said Cockrem, in his capacity as complainant in said suit, respectfully submits the proposition of such compromise to the judgment of this honorable court, he being of opinion that such compromise is the best thing that can be done in the premises.

Wherefore it is prayed that the defendant, the Société de Crédit Mobilier, be ruled to show cause why this court should not order
89 and grant authority to said receivers to grant the proposed extention of time for payment to said P. S. Wiltz & Co., on condition that the endorsers of said notes shall assent thereto, and all creditors concur in granting such extension of time.

(Signed) J. D. ROUSE,
Solicitor.

Motion and order.

United States circuit court, district of Louisiana.

COCKREM, REC'R, vs. CAVAROC ET AL. } No. 7064.

On motion of J. D. Rouse, solicitor, upon filing the application of W'm F. Halsey and John Cockrem, receivers herein, in the matter of extention of time for payment asked for by P. S. Wiltz & Co., it is ordered that the defendant, the Société de Crédit Mobilier, show cause, if any it may or can, why the said receivers should not grant the extention of time for payment as asked for by the said P. S. Wiltz & Co.

And thereupon Tho's L. Bayne, esq., of counsel for said Société de Crédit Mobilier, being present in court, took notice of said rule,
90 and, consenting to take up the matter forthwith, the same was submitted by both parties upon the application and exhibits and affidavits on file.

And thereupon the court considering that the interest of all parties concerned required the concurrence of said receivers with other creditors in granting the extention of time for payment to said P. S. Wiltz & Co. as asked, and upon the terms proposed by them, it was ordered that said John Cockrem and W'm F. Halsey, as receivers under the order of this court, be, and they are hereby, authorized to grant such extension, provided the endorsers of said notes agree to remain bound the same as if no such agreement ever made, and provided that all other creditors of said Wiltz & Co. concur in granting such delay.

May 26th, 1874.

(Signed) E. H. DURELL, *Judge.*

EXHIBIT BX.—*Filed May 26th*, 1874.

91 We, the undersigned, creditors of P. S. Wiltz & Co., a commercial firm composed of P. Sevère Wiltz, Louis Alfred Wiltz, and P. Sidney Wiltz, considering that the said P. S. Wiltz & Co. have been compelled to suspend their payments, and are unable at the present time to pay and settle their indebtedness, do hereby grant to the said P. S. Wiltz & Co. a delay of two years within which to pay to us respectively the amount of all debts which they now owe us, whether by promissory note, bills, drafts, books accounts, or otherwise, the payment of said debts to be made with interest at eight per cent. per annum for all mortgaged debts, and without interest for all other debts, the interest accrued or to accrue on all claims of the latter class being hereby remitted, with the understanding that should the said P. S. Wiltz & Co., at the expiration of the term of two years above provided for, be unable to pay in full their said indebt'ness in the manner above specified, they shall have the privilege of extending the said delay for another year upon the same terms as above stated, and with the agreement further that the said P. S. Wiltz & Co. shall, on the first day of March,
92 1875, and also on the first day of March, 1876, should they avail themselves of the privilege of extention above stipulated, pay to us such pro rata dividend on our respective claims as the amount of their collections up to said date, respectively, shall allow.

New Orleans, Feb'y 16th, 1874.

Affidavit of M. Musson, president of New Orleans Ins. Association, in re P. S. Wiltz & Co.—Filed May 26th, 1874.

STATE & DISTRICT OF LOUISIANA,
City of New Orleans:

This day personally appeared before me, the undersigned, M. Musson, president of the New Orleans Insurance Association, who, being duly sworn, did depose and say that he is president of the aforesaid insurance association, which is a creditor of the commercial firm of P. S. Wiltz & Co. for the sum of $34,500.79; that he has made a careful examination of the affairs of said P. S. Wiltz & Co. and is satisfied that the in-
93 terest of creditors of said Wiltz & Co. require that the extention of time for payment of their liabilities asked by them should be granted, and that the insurance association, represented by him as its president, acting in its interest, has accepted their proposition and assented to such extention.

(Signed) M'EL MUSSON,
President.

Sworn to and subscribed before me this 21st day of May, 1874.
[SEAL.] (Signed) JNO. L. LARESCHE,
3d J. P.

Affidavit of L. Querouze, of the firm of Querouze & Bois, in re P. S. Wiltz & Co.—Filed May 26th, 1874.

STATE AND DISTRICT OF LOUISIANA,
City of New Orleans:

This day personally appeared before me, the undersigned, Leon Querouze, who, being duly sworn, did depose and say that he is a member of the commercial firm of Querouze & Bois, which is a creditor of P. S. Wiltz & Co. for $4,600$\frac{24}{100}$.

That he has made a careful examination of the affairs of said P. S Wiltz & Co. and is satisfied that the interest of creditors
94 of said P. S. Wiltz & Co. require that the extention of time for payment of their liabilities asked by them should be granted, and that his firm, acting in its said interest, has accepted their proposition and assented to such extention.

(Signed) LEON QUEROUZE.

Sworn to and subscribed before me this 20th day of May, 1874.
[SEAL.] (Signed) JNO. L. LARESCHE,
3d J. P.

95 *Replication.—Filed June 1, 1874.*

U. S. circuit court, fifth circuit, and district of Louisiana.

JOHN COCKREM, RECEIVER NEW ORLEANS National Banking Association,
vs.
C. CAVAROC ET AL.
} In equity. No. 7064.

The replication of John Cockrem, receiver of the New Orleans National Banking Association, complainant, to the answer of Charles Cavaroc, senior, and Charles Cavaroc, junior, individually, and as members of the commercial partnership of C. Cavaroc & Son, defendants.

This repliant, saving and reserving unto himself, now, and at all times

hereafter, all and all manner of benefit and advantage of exception which may be had or taken to the manifold insufficiencies of the said answer, for replication thereunto says, that he will aver, maintain, and prove his said bill of complaint to be true, certain, and sufficient in law to be answered unto, and that the said answer of the said defendants is uncertain, untrue, and insufficient to be replied unto by this repliant.

96 Without this, that any other matter or thing whatsoever in the said answer contained, material or effectual in the law to be replied unto, and not herein and hereby well and sufficiently replied unto, confessed or avoided, traversed or denied, is true.

All which matters and things this repliant is and will be ready to aver, maintain, and prove, as this honorable court shall direct, and humbly prays as in and by his said bill he has already prayed.

J. D. ROUSE,
Solicitor for Complainant.

97 *Entry at June rules.—Extract from chancery order-book.*

JNO. COCKREM, REC'R, vs. C. CAVAROC ET AL. } No. 7064.

MONDAY, *June 1st*, 1874.

The complainant herein has this day filed his replication to the answer of the defendant's, C. Cavaroc & Son, motion & order extending time for taking proofs and depositions.

Extract from the minutes of June 16th, 1874.

JNO. COCKREM, REC'R, vs. CH'S CAVAROC & SON ET AL. } No. 7064.

By consent of parties, it is ordered that the time for taking proofs and depositions in this cause be extended until the first Monday in December next.

Motion and order in re Mioton, bankrupt.—Extract from the minutes of June 17th, 1874.

JNO. COCKREM, REC'R, vs. C. CAVAROC ET AL. } No. 7064.

98 On joint motion of J. D. Rouse, solicitor for complainant, and Clarke, Bayne & Renshaw, solicitors for defendants, it is ordered that the receivers pendente lite herein be authorized in the matter of E. F. Mioton, bankrupt, No. 1414, in the United States district court for the district of Louisiana, and as creditors of said Mioton, to vote at the general meeting of creditors, to be holden June 18th, 1874, either for an assignee or for the appointment of trustees, under the 43d section of the bankrupt act, and to concur in such agreement as to disposition and application of said bankrupt's estate as shall meet the approval of three-fourths, in value, of all the creditors thereof who shall have proved their claims.

Petition of W. F. Halsey, receiver.—Filed June 18th, 1874.

United States circuit court, district of Louisiana. In equity.

JNO. COCKREM, REC'R,
vs.
C. CAVAROC & SON ET AL. } No. 7064.

To the hon. the judges of said court:

99 The petition of William F. Halsey, heretofore appointed receiver in this cause in conjunction with John Cockrem, respectfully shows that he is about to leave the State for a limited period, and that he desires to appoint as his agent and substitute in his said trust, Charles F. Hoffman; that petitioner assumes all responsibility for said Hoffman's acts in the premises; that the surety for petitioner offers to become liable for the actings and doings of said Hoffman as well as heretofore for petitioner. He therefore prays that he be authorized to constitute said agency upon the terms proposed.

(Signed) W. F. HALSEY.

I agree to the above.

(Signed) J. T. BURDEAU.

Motion and order entered and filed June 18th, 1874.

Upon reading and considering the foregoing petition and the assent of the plaintiff and of the defendants in the cause, the former represented by J. D. Rouse, esq., and the latter by Clarke, Payne & 100 Renshaw, solicitors for respondents, it is ordered that the prayer of the petition be granted; that Ch's F. Hoffman, esq., be recognized as the substitute for W. F. Halsey, esq., during his absence, with full power to do whatever he could do under his appointment as receiver herein.

Petition of receivers, asking compensation.—Filed June 20th, 1874.

United States circuit court, district of Louisiana. In equity.

JOHN COCKREM, REC'R N. O. NAT. B'K'G ASS'N,
vs.
C. CAVAROC ET AL. } No. 7064.

To the hon. the judges of said court:

W'm F. Halsey and John Cockrem, heretofore appointed receivers herein pendente lite, respectfully show that they long since entered upon their duties as such, and have given diligent care and attention to their duties in the premises.

And they respectfully ask that they be allowed, on account of their compensation as such receivers, the sum of twelve hundred and 101 fifty dollars each, to be paid out of the funds by them collected.

(Signed) W'M F. HALSEY,
(") JOHN COCKREM,
Receivers.

Let William F. Halsey and John Cockrem, receivers, be each allowed the sum of one thousand dollars on account of their compensation.

New Orleans, June 20th, 1874.

(Signed) W. B. WOODS, *Judge.*

Agreement extending time to take testimony.—Filed Dec. 7th, 1874.

United States circuit court, district of Louisiana. In equity.

COCKREM, REC'R N. O. NAT. B'K'G ASSOCIATION,
vs.
CAVAROC ET AL. } No. 7064.

By mutual consent of the parties, the time for taking testimony in the above-named cause is enlarged and extended to the first Monday of Jan'y, 1875.

New Orleans, Dec. 7th, 1874.

(Signed) J. D. ROUSE, *Sol'r for Compl't.*
(") CLARKE, BAYNE & RENSHAW, " " *Def'ts.*
(") FERGUS FUSELIER, " *for Cavaroc & Son.*

102 *Notice of application for leave to file supplemental bill of complaint.—Filed January 25th, 1875.*

United States circuit court, district of Louisiana.

JOHN COCKREM, REC'R,
vs.
CAVAROC ET AL. } No. 7064.

The defendants in the above-entitled cause are hereby notified that on Monday next, the 25th day of January, 1875, at 11 o'clock a. m., or as soon thereafter as counsel can be heard, Nicholas W. Casey will apply to said court for leave to file his supplemental bill of complaint, praying to be substituted as complainant in said suit in lieu of John Cockrem, to whom he has succeeded as receiver of said N. O. National Banking Association.

N. Orleans, Jan'y 23d, 1875.

(Signed) J. D. ROUSE, *Solicitor.*

Received a copy of the above notice Jan'y 23d, 1875.

(Signed) CLARKE, BAYNE & RENSHAW, *Solicitors.*

103 *Supplemental bill of complaint substituting N. W. Casey as complainant.—Filed Jan'y 28th, 1875.*

United States circuit court, district of Louisiana. In equity.

JOHN COCKREM, REC'R OF THE NEW ORLEANS Nat. B'k'g Association,
vs.
CAVAROC ET AL. } No. 7064.

To the honorable the judges of said court:

The supplemental bill of complaint exhibited by Nicholas W. Casey, a citizen of the State of Louisiana, residing in the city of New Orleans, against the said defendants—the commercial partnership of C. Cavaroc & Son, and C. Cavaroc, senior, and C. Cavaroc, junior, the individual members composing said firm, and the Société de Crédit Mobilier of Paris—respectfully shows:

That heretofore, to wit, on the day of November, A. D. 1873, the

said John Cockrem, being then receiver of the New Orleans
104 National Banking Association, exhibited against said defendants and filed in said court his original bill of complaint, setting forth and alleging that assets belonging to said banking association (a s'hedule of which is annexed to said bill of complaint) were in the possession of Charles Cavaroc, senior, or other defendants, and praying process of subpœna against each of said defendants, and for a writ of injunction pendente lite, restraining the defendants from making dispositions of such assets contrary to the prayer of said bill of complaint, said injunction to be made perpetual on final hearing.

And said complainant further prayed "that, pending this cause and until the final hearing and decree herein, your honors will appoint some competent and discreet person to be and act as receiver, to take possession of and so administer said property that no loss occur, and
105 that said property and the proceeds thereof may be held and preserved, to be applied to the liquidation of the lawful debts due by said association, represented by your orator."

And in due course of the proceedings in this honorable court in like causes, upon the final hearing of this cause your honors will order and adjudge all said bills, notes, and property to belong to said association represented by your orator, and order and adjudge that the same and all the proceeds thereof be place' in the possession of this complainant as receiver of said association, to be administered as the law directs, and as in law and equity the same should be administered, and applied to the payment and liquidation of the claims of the creditors of said banking association, and for further and general relief; all of which will more fully appear by reference to said original bill of complaint now on file.

And afterwards said defendants appeared and answered said
106 bill of complaint, and the complainant filed his replications to said answers, and receivers were appointed to take possession of and hold said assets pendente lite, and said suit is still pending and undetermined.

And the said Nicholas W. Casey further shows that, since said suit was put at issue, the said John Cockrem resigned his office of receiver aforesaid, and that thereupon he, the said Casey, (having been duly appointed thereto by the Controller of the Currency and qualified as such,) became, and now is, receiver of said banking association, and in the full and lawful discharge of his duties as such.

Wherefore the said Nicholas W. Casey prays that he may be substituted for the said Cockrem herein, in his official capacity as receiver aforesaid, as complainant, and that he may have the benefit of the said suit and proceedings against the said defendants, and the same
107 relief and decree against them as the said Cockrem might have had, (the prayer of his said bill being hereby adopted,) and such other and further relief as the nature of the case and equity and good conscience may require.

And he will ever pray, etc.

(Signed) J. D. ROUSE,
Sol. for Compl't.

Order thereon.

Let the within supplemental bill be filed, and let Nicholas W. Casey be substituted for "John Cockrem, receiver," as complainant in the within-entitled cause, and have the benefit of the proceedings therein

and the same relief and decree against the defendants as the said John Cockrem might have had, as prayed for.

New Orleans, January 28th, 1875.

(Signed) W. B. WOODS, *Judge.*

Application in re of Allen, Poole & Co.—Filed Jan'y 29th, 1875.

United States circuit court, district of Louisiana. In equity.

108 JOHN COCKREM, (NICHOLAS CASEY SUBstituted,) rec'r of New Orleans Nat. Banking Association,
vs.
CAVAROC ET AL. } No. 7064.

To the honorable the judges of said court:

William F. Halsey and John Cockrem, heretofore appointed by said court receivers in said cause pendente lite, as will appear by the order and decree of record therein, respectfully show that, as such receivers, they are in possession of a note drawn by Allen, Poole & Co., and endorsed by C. Mehle & Co., upon which there is a balance due of two thousand dollars and interest.

And said makers are insolvent, as receivers are informed and believe. They further show that said Allen, Poole & Co. have made an assignment for the benefit of their creditors to Benjamin A. Sheperd, George Sealey, Charles Fowler, Noah N. John, and Clinton G. Wells, as
109 trustees; and the said Allen, Poole & Co. have applied to said receivers to accept said deed of assignment; all of which will more fully appear by reference to the annexed document, marked "A," and made a part hereof.

Said receivers are of opinion that the best interest of the parties to this suit will be attained by their concurrence with other creditors in accepting said assignment.

Wherefore said receivers pray that said complainant and said defendant, the Société de Crédit Mobilier, be notified of said proposition and of this application for the authority of said court in the premises; and if no objection be made thereto by said parties, and it shall seem meet and proper to said court, that it will, by its order, authorize*d* said receivers to concur with other creditors of said Allen, Poole & Co. in acceptance of the benefit of said assignment on the terms and conditions set forth in said document A, hereto annexed.

(Signed) J. D. ROUSE,
Sol. for Halsey & Cockrem, Rec'rs.

110 Service of a copy of the above application is hereby acknowledged, and the matter respectfully submitted to the court for its action.

N. O., Jan'y 29th, 1875.

(Signed) N. W. CASEY,
Receiver N. O. Nat. B'k'g Ass'n.
CLARKE, BAYNE & RENSHAW,
For Crédit Mobilier.

Motion and order.—Filed Jan'y 29th, 1875.

United States circuit court, district of Louisiana.

COCKREM, REC'R, ETC., *vs.* CAVAROC ET AL. } No. 7064.

On motion of J. D. Rouse, solicitor for John Cockrem and W. F. Hal-

sey, receivers pendente lite herein, and upon filing the application of said receivers and proof of notice thereof to the complainant and the defendant, the Société de Crédit Mobilier, in the matter of the assignment of Allen, Poole & Co., and no objection being made thereto by either party, it is ordered that said receivers be authorized to concur
111 with the other creditors of said Allen, Poole & Co., and accept the benefit of the assignment by them as proposed.

(Signed) W. B. WOODS, *Judge.*

Document A.—Filed Jan'y 29th, 1875.

Duplicate. (Return after signing.)

THE STATE OF TEXAS,
County of Galveston :

Whereas, Samuel W. Allen, Valentine B. Poole, W'm Poole, James H. Lockhart, and W. O. Tift, as partners under the firm-name of Allen, Poole & Co., and in all other partnership, right, and interest of them, or any of them, with each other, or with any other person or persons, and individually, have made and executed a deed of assignment of all their and each of their estate, property, assets, credits, rights, and choses in action of any kind and description, for the payment of their creditors, dated the 10th day of September, 1874, to Benjamin A. Sheperd, George Sealy, Charles Fowler, Noah N. John, and Clinton G. Wells, as trustees and assignees, the undersigned creditors,
112 provided for in said deed, do hereby accept the said deed, and in consideration thereof agree to bound thereby, and by the lawful execution of the provisions of the same, to obtain satisfaction and payment of our claims respectively.

We recommend to the assignees the employment of M'r Samuel W. Allen in the business of the trust, except keeping the general accounts, receipts, and distribution of funds (as provided in the deed) upon such terms and arrangements of compensation as may be agreed on; also, any other person or persons deemed necessary by the assignees, subject in all cases to the advice and approval of the assignees.

If, in the judgment of the assignees, the interest of the creditors require an extension of the time (within which the business of the assignment may be most advantageously closed) to January 1st, 1878, the same will be allowed by the creditors, it being contemplated that
113 one-third of the debts shall be paid by or before January 1st, 1876; one third by or before January 1st, 1877, and the remainder by or before January 1st, 1878: provided, however, that the distribution be made to the creditors entitled to distribution whenever two per cent. of their aggregate indebtedness is on hand and above the amount necessary for current expenses and outlays, although prior to the installments, as above stated.

The liability of any acceptor, drawer, endorser, guarantor, partner, or any other party or security to any of the creditors for or upon any of the debts embraced in this trust deed, held by any of the parties hereto, is in no manner waived or released hereby, but is expressly retained and claimed.

Signed in duplicate this 10th day of Sept., 1874.

If M'r S. W. Allen shall give his good faith services to aid the assignees to the end of the business in their efforts to pay the creditors in full by this assignment; after the sale of all the estate, property, and assets, and collection of all collectable credits conveyed to the assignees,
114 any amount of indebtedness remains unpaid, the undersigned

creditors will agree to release the said Samuel W. Allen, Valentine B. Poole, W'm Poole, JamesA. Lockhart, and W. O. Tift from all further liability for the amounts whi*ll* may so remain unpaid.

(Signed here.)

The following is a list of the principal creditors who have already signed the above assignment:

BALLS, HUTCHINGS & CO.
FIRST NAT. BANK OF HOUSTON, *by B. A. Sheperd, president.*
NAT. BANK OF TEXAS, *by N. N. John, president pro tem.*
N. N. JOHN.
ISLAND CITY SAVINGS BANK, *by C. C. Wells, president.*
CHARLES FOWLER, *(per self.)*
CH'S A. WHITNEY & CO., *by Ch's Fowler, ag't.*
MORGAN LINE STEAMERS, *by Ch's Fowler, ag't.*
H. SEELIGSON & CO.
TEXAS BANKING AND INSURANCE CO., *by Alphonse Laure, cashier.*
MERCHANTS' INSURANCE CO., *by Henry Sampson, secretary.*
115 TEXAS MUTUAL LIFE-INSURANCE CO., *by B. B. Richardson, secretary*
D. THE. AYRES.
I. DYER.
UNION MARINE AND FIRE INSURANCE CO., *by I. Dyer, president.*
FIRST NATIONAL BANK OF GALVESTON, *by Tho's Reed, cashier.*
HOME INSURANCE AND BANKING CO., *by W. B. Sorley, cashier.*
J. H. ELSWORTH & CO.
R. JAMERSON.
KAUFMAN & RUNGE.
HIRAM CLOSE.
E. MCLEAN.
D. M. HOLLINGSWORTH, *by Labat & Noble.*
BYRNES & BARSTOW, *New Orleans.*
F. RICKERT, *chairman ex. committee Teutonia Bank, New Orleans.*
M. FRANK, *president of Metropolitan Loan and Savings Bank.*
BEHAN, THORN & CO.
JOHN THORN.
HENRY OTIS.
J. J. MCGINNIS.
J. H. OGLESBY, *president Louisiana National Bank.*
LESASSIER & BINDER.
AMILCAR FORTIER, *president Bank of A.*
GALVESTON WHARF COMPANY, *by J. H. Hutchings, president.*
G. H. & H. R. R., *by Jno. Sealy, vice-pres't.*

116 *Testimony for complainant.—Filed April 9th*, 1874.

Circuit court of the United States, fifth circuit, district of Louisiana.

JOHN COCKREM, RECEIVER OF THE NEW Orleans National Banking Association,
vs.
THE SOCIÉTÉ DE CRÉDIT MOBILIER OF PARIS, France.
} In equity. No. 7064.

Testimony taken, on the part of the complainant, under the 67th rule of practice for the courts of equity of the United States, by F. A. Woolley, examiner, duly appointed by the aforesaid court to take the depositions of the witnesses in the above-entitled cause.

NEW ORLEANS, *Thursday, April 30*, 1874.

Present, J. D. Rouse and J. R. Beckwith, solicitors for complainant;

Tho's Allen Clarke, solicitor for the Société de Crédit Mobilier; F. Fuselier, for C. Cavaroc & Son.

CHARLES DEARMAS, produced and sworn on behalf of the complainant, deposes and says:

That he was employed in the New Orleans National Banking Association as note and discount clerk during the last four or five years prior to the failure of the institution; had charge of the portfolio of
117 the bank; kept the discount-book, tickler, and all the books connected with the discount department.

By M'r Rouse:

Ques. Did you make a list of notes and bills discounted, the property of the said banking association, which were said to be held as a security for the defendant, the Société de Crédit Mobilier? If so, when was that list made?

Ans. Yes, sir; the list shown to me was on the 19th August, 1873, footing two hundred and twenty thousand twenty-one dollars and forty-three cents. The list marked "Exhibit B," annexed to the answer of the defendant, the Société de Crédit Mobilier, is identical in the items and total with the list which was made by me—an impression of which was made by me in the letter-press copy-book of the said bank on the 19th day of August, 1873. I am positive that it was made on the 19th day of August, 1873. It was made by direction of M'r Cavaroc, the president of the bank.

Ques. After presenting the list dated 19th August, 1873, to M'r Cavaroc, the president, did he give to you any direction about changing the date of the same? If so, what?

Ans. I don't remember that he gave me any.

Ques. Did you make another copy of that list?

Ans. I may have done it, but I don't remember.

Ques. Examine the affidavit now handed to you marked "A 1." State whether your signature is thereto appended, and whether you were sworn to the truth of the same.

(By M'r Clarke. Objected to as being an ex parte affidavit not taken contradictorially with the defendants, and not competent as testimony on the examination-in-chief on behalf of the complainant.)

118 Ans. Yes, sir.

Ques. Did you make an examination of the books of the bank kept by you at the time you made this affidavit for the purpose of verifying the facts stated therein?

(M'r Clarke objects as above.)

Ans. Yes, sir.

Ques. Examine document marked "A 2," now handed to you, and state whether the same is made in your handwriting, and when you made the same.

Ans. Yes, sir. It is dated 12th July, 1873. I think A 2 is a copy of the list made on the 19th August, 1873.

Ques. Why was this list, A 2, dated 12th July, 1873? By whose direction was that date placed upon it?

Ans. I was instructed by the cashier or the president to date it so. I was not in the habit of making false dates to papers or accounts prepared by me.

Ques. When was the note of P. S. Wiltz & Co. for $5,000, maturity Oct. 2 , 1873, named in the Exhibit B annexed to defendants' answer, acquired by the New Orleans National Banking Association?

Ans. Discounted on the 18th of August, 1873; the note was dated the same day it was discounted. That was a regular bank discount.

The note of Dupre, Reine & Co. for $2,000, maturity Oct. 20, 1873, which is mentioned in said Exhibit B, was discounted by the bank on the 18th August, 1873. The note was dated on the same day, and was a regular bank discount.

The note of W'm Morrison & Co., due on the 19th October, 1873, also mentioned in said Exhibit B, for $7,500, was dated July 18, 1873, and discounted on the 19th July, 1873.

119 The note of I. Bloom & Co. for $2,834.65, due October 19, 1873, mentioned in said Exhibit B, was discounted on the 18th August, 1873. The note was dated August 2, 1873.

The note of Eugene Potet for $900, due October 19, 1873, mentioned in the said Exhibit B, was discounted on the 16th August, 1873; was dated July 18th, 1873.

The note of R. Villarubia for $3,000, due October 16th, 1873, was discounted on the 14th August, 1873, the day of its date.

The note of A. Poincy for $8,500, due October 14th, 1873; was discounted on the 12th August, 1873; its date was August, 1873.

All of the above notes are mentioned in Exhibit B, filed with the answer of defendants, the Société de Crédit Mobilier, and also described in document marked "A 2," hereto annexed.

Ques. Did you make any other list of notes said to be held as security for the Crédit Mobilier, defendant? If so, when was said list made?

Ans. Yes, sir. I made another list, according to instructions received from the bank. I was to make a new list every Saturday, but I did not always make the list. I kept on the list substituting the notes. I kept it going on that way until the closing of the bank, when I made the last and genuine list on the 4th of October, 1873.

Ques. What do you mean by substituting notes?

Ans. When a note of a certain amount was paid I would immediately return a similar amount in other notes.

Ques. What was done with the money when any notes upon the list were paid?

120 Ans. Credited to the account of notes and bills discounted, and the cash went into the general fund of the bank.

Ques. Did you make any entries on the books of the bank charging the notes mentioned in the lists spoken of to the defendants in this suit?

Ans. No, sir.

Ques. Who delivered such notes as were paid, mentioned in the lists, to the makers upon payment?

Ans. Myself.

Ques. When was the note of P. S. Wiltz & Co. for $5,000, due December 6, 1873, mentioned in Exhibit C annexed to the answer of the Société de Crédit Mobilier, dated, and when was it acquired by the bank?

Ans. It was acquired the day the bank closed, the 4th October, 1873.

Cross-examined by M'r Clarke:

The notes were put aside on the day or the day following the date of the drafts drawn by the bank on the Crédit Mobilier; the notes were put under cover—in an envelope—and handed to Cavaroc & Son under direction of M'r Cavaroc, the president.

The first list of $220,021.43 was made out on the same day.

The further cross-examination of this witness was, by consent of counsel, continued until May 1st, 1874.

F. A. WOOLFLEY,
Examiner.

NEW ORLEANS, *May 1st*, 1874.

By consent of counsel the further examination of Charles DeArmas is continued until July 1st, 1874.

F. A. WOOLFLEY,
Examiner.

121 NEW ORLEANS, *July 1st*, 1874.

Present, J. D. Rouse & J. R. Beckwith, esq's, for compl't.
" Clarke, Bayne & Renshaw, esq's, for defendants.

Cha's DeArmas recalled and cross-examined by M'r Clarke.

Ques. You stated in your direct examination that there were two lists made out, one dated August the 19th, 1873, and the other dated July 12th, 1873, which were handed to M'r Cavaroc.

Ans. Yes, sir.

Ques. The first list, for $220,021.43, was made out the same day and put in an envelope?

Ans. I think so.

Ques. How long after that one was the other list made out?

Ans. It may have been the following morning or four or five days afterwards.

Ques. Then this additional $100,000 list was put in the same envelope?

Ans. Yes, sir.

Ques. Do you recollect that day, the first period, say about the 11th or 12th July?

Ans. I could not say; it was the only day the drafts were made; it may be the following or the same day.

(Witness is here presented with the lists referred to, and he states they are in his handwriting.)

Ques. Is that the first list?

Ans. No, sir.

Ques. According to your testimony some of these notes were of a later date than appears by the date of the list, July 12th, 1873?

Ans. Yes, sir.

Ques. Was this list made out at a later period?

Ans. Yes, sir; these lists were made out almost every day.

122 Ques. Was not this document, in your handwriting, made out at a later period than the date expressed there?

Ans. I do not remember; I think so.

Ques. Is not this the fact: that the $220,021.43 were set aside, and in the interval between the making of this list and the setting aside of these securities in the envelope and being handed to Cavaroc, that the renewals took place of some notes? I want to refresh your memory with reference to this list. According to your testimony they were notes falling due, and referred to as being of a later date than the 12th July, which are not here?

Ans. Yes, sir.

Ques. Explain how that was.

Ans. As one note fell due I took another note for the same amount and substituted the one for the other.

Ques. Now these various notes to which you have referred, this document which purports to be dated the 12th July, was really made out in the subsequent month, August?

Ans. Yes, sir; I think this is the one, (on file.)

Ques. When you set aside this $220,021.43, did you at that time make a list of them?

Ans. Yes, sir.

Ques. What did you do with that list?

Ans. I gave one to M'r Cavaroc. I made three; one went to the cashier, one to M'r Cavaroc, and the other, I think, was forwarded or kept by the cashier.

Ques. This list dated July 12, 1873, contains certain notes that were dated subsequent to the 12th of July?

Ans. Yes, sir.

Ques. How do you account for that?

122¼ Ans. They were substituted notes. If you refer to them you will see they were due in sixty or ninety days.

Ques. That were placed in the envelope?

Ans. Yes, sir.

Ques. The note of P. S. Wiltz & Co., was not that put in lieu of a previous one for the same amount?

Ans. I think so.

Ques. Have you examined the books to know?

Ans. Yes, sir.

Ques. The note of Dupré, Reiné & Co., due October 20th, 1873, that was a renewal of a previous note that fell due that day?

Ans. I don't remember that.

Ques. Look at the books and see.

(Witness examines the books.)

Ans. Yes, sir; it was a renewal of a note due August 18th.

Ques. And the note that was due August the 18th was originally placed by you in the envelope?

Ans. Yes, sir; substituted for the note of August the 18th—this one.

Ques. The note of W'm Morrison, due October 19th, 1873, and dated July 18th, 1873, was not that a renewal?

Ans. No, sir; I don't think it was.

Ques. That was a new discount?

Ans. Yes, sir.

Ques. And placed in the envelope in lieu of a different note for the same amount?

Ans. Yes, sir.

Ques. Then these two memoranda, one marked "B" and the other "A 2," were made up in August subsequently?

Ans. Yes, sir.

122½ Ques. Do you know where the lists are that were prepared on the 12th of July?

Ans. They are in the possession of the bank.

Ques. Now, as regards the note of I. Bloom & Co., due October 18th, 1873, and discounted on the 9th of August, 1873, how did that happen to be on the list? Was it not placed on that list as having been put into the envelope in substitution of another note?

Ans. No, sir; it was not a renewal; it may have been, but I think not.

Ques. The note of Eugene Potet, due October 19th, 1873, was that substituted?

Ans. No, sir.

Ques. That was a new discount?

Ans. Yes, sir.

Ques. And placed there as a substitute for a similar amount?

Ans. Yes, sir.

Ques. The note of R. Villarubia for $6,000, due October 19th, 1873?

Ans. Yes, sir; that was a substitute.

Ques. And the note for which it was given was placed in the envelope at the time you speak of?

Ans. Yes, sir.

Ques. Then the note of A. Poincy, due October 14th, 1873, for $900?

Ans. Yes, sir; I am positive that was a renewal of a previous note.

Ques. Now, as I understand you, at the time the drafts were drawn, the $220,021.43 were put in an envelope and handed to M'r Cavaroc?

Ans. Yes, sir.

123 Ques. The list here, three of which you made, and gave one to the bank, you don't know what became of the others?

Ans. No, sir. I received instructions as soon as the notes were changed to make a new list, but I kept the list that way for two or three weeks.

Ques. Then there were an additional $100,000 entered?

Ans. Yes, sir; that was a few days afterwards, when I handed the list to M'r Cavaroc. He said he was short that amount.

Ques. That was another list of $100,000?

Ans. Yes, sir.

Ques. This $100,000 was placed in the same envelope?

Ans. Yes, sir.

Ques. And as fast as any of these notes fell due, what became of the money?

Ans. It was placed to the credit of the bank.

Ques. And new notes placed in lieu of it to the same amount?

Ans. Yes, sir.

Ques. How did you get this envelope yourself?

Ans. About ten or fifteen days afterwards they were in Cavaroc's hands, and I told him it was impossible for me to be asking him for these notes, as he had them in his private box, and to entrust me with them; so he gave the notes to me and I kept them separately outside the business of the bank.

Ques. Until the bank closed or before?

Ans. It was the day previous that we received a dispatch to remain in statu quo, and then I made a list of the notes and gave them to M'r Cavaroc with the list.

124 Ques. So that the notes were held by you for account of Cavaroc, and whenever you were authorized by him, when money was collected, to take new notes in place of those that were paid, keeping up the amount the same, and it did remain the same until finally the envelope was returned?

Ans. Yes, sir.

Ques. It was held in your hand?

Ans. Yes, sir; I had them fifteen or twenty days. I cannot keep the run of these things now.

Re-examined by M'r Beckwith:

Ques. What did you do with the first list you made the 12th July?

Ans. I gave them to Cavaroc through the cashier; or, if I am not mistaken, I gave them to the cashier. He kept them about an hour to give them to M'r Cavaroc, but handed them back to me, and I handed them to M'r Cavaroc.

Ques. Did you keep any list of them yourself?
Ans. No, sir; except on my tickler.
Ques. Did you on that tickler make a list of these notes in seriatim, as you set them apart?
Ans. No, sir.
Ques. Then how could you tell what that list was?
Ans. When they came to maturity I could easily see.
Ques. But you kept no copy of the list yourself?
Ans. No, sir.
Ques. Did you ever see the list after you gave it to the cashier?
Ans. I think not.
Ques. When you came to make up this misdated August list, did you make it from the former list?
Ans. No, sir; I think not.
125 Ques. Then how did you get at it?
Ans. Because I knew what was in the envelope and I took them as they were there.
Ques. You say that some of these notes that bear date after the July list was purported to be made when this first lot of notes were set aside were renewals; how do you know that?
Ans. By referring to my books.
Ques. What does your books show; merely that there was another note maturing?
Ans. Yes, sir.
Ques. Do you know these notes were paid by renewals or cash discounts?
Ans. They were paid by check when the party against whom they stood had no money in the bank, and the proceeds went to pay the note.
Ques. Then it was a discount?
Ans. Yes, sir; according to our books.
Ques. Your books show that when one note matured, at or near the maturity of that note a new discount was made?
Ans. Yes, sir.
Ques. Do you know anything of the particulars of these discounts in any instance?
Ans. No, sir.
Ques. Some of these notes you say were original discounts?
Ans. Yes, sir.
Ques. And that they had been put on this list to supply the place of those that had been withdrawn?
Ans. Yes, sir.
Ques. Can you name a single note that was withdrawn and which these notes were put in to supply?
126 Ans. No, sir.
Ques. How could a note be withdrawn and another one substituted in its place unless it was a discount to pay a former note?
Ans. Well, if there was a note of $5,000 or $6,000 paid to me I would take a $7,000 note to substitute it.
Ques. What was the reason you did not put the proceeds in the envelope?
Ans. Because I acted pursuant to instructions.
Ques. The notes in the envelope went to perform the same programme as the notes in the general portfolio?
Ans. Yes, sir.
Ques. And the proceeds put into the general funds of the bank?
Ans. Yes, sir.

Ques. Do you know of any instructions from the Crédit Mobilier to withdraw the matured paper and supply its place by other paper?

Ans. No, sir.

Ques. When did you make this memorandum of the pledged notes on the books?

Ans. These were there some time previous to that.

Ques. I ask you whether you made any of these memoranda a day or two before the bank closed?

Ans. Yes, sir.

Ques. How many?

Ans. It was according to the quantity of notes that I had raised.

By M'r Clarke:

Ques. When did you make that mark, the mark standing on the book now?

Ans. The day that the bank closed.

127 By M'r Beckwith:

Ques. Were not some of the notes pledged to other concerns?

Ans. Yes, sir.

Ques. They were generally scattering the portfolio round among the creditors?

Ans. Yes, sir.

Ques. Do you know anything of a portion of the notes in the portfolio being delivered to the clearing-house?

Ans. Yes, sir; I told M'r Cavaroc at that time that I could not make the notes satisfactory to the clearing-house, so I took some out of the envelope and substituted them.

Ques. Is it not true that some of the notes that figure on this list of notes pledged to the Crédit Mobilier appear as being also pledged to the clearing-house and Schuchardt?

Ans. Yes, sir.

Ques. You moved these notes in that envelope around very rapidly?

Ans. Yes, sir.

Ques. You say that some of these notes that your attention has been called to, on the direct and cross-examination, were renewals of notes formerly pledged—some were substitutions for notes withdrawn from pledge and the proceeds that had been paid on them put into the bank?

Ans. Yes, sir.

Ques. Will you state upon what information you make that statement of either renewal or substitution? Take any particular note.

128 Ans. Because when I renewed the note of Villarubia which was in the envelope, as soon as it was renewed it went back the same day into the envelope.

Ques. You say that some of the original discounts appearing on this list, of a date later than the date of this list, were put in to substitute the notes paid, and the proceeds had gone into the bank?

Ans. Yes, sir.

Ques. What pledged notes had been paid and the proceeds put into the bank?

Ans. I cannot say unless I had the list that I gave to the president at the time.

Ques. You do not remember and cannot designate a single note that had been pledged and was withdrawn?

Ans. No, sir.

Ques. You make your statement from your impression of what might have happened rather than what did happen?

Ans. No, sir; from what happened I am satisfied that if I put in $10,000 it was to replace $7,000 or $8,000, or an amount that would correspond exactly. I had to keep the envelope with the notes.

Ques. What date were these drafts drawn on the Crédit Mobilier?

Ans. I cannot say without referring to the books.

Ques. What was the form of the paper?

Ans. Ordinary commercial paper.

Ques. Who were the drawers?

Ans. The bank.

Ques. They were not drawn by Cavaroc & Son to the order of the bank?

Ans. I cannot tell you.

129 Ques. Did you ever see the bills yourself?

Ans. No, sir; it was only by referring to the books I saw it. Even then I could not say that I saw them. I know M'r Cavaroc told me that he had withdrawn so much.

By M'r Clarke:

Ques. What do you mean by saying that out of this portfolio, or out of this envelope, you took notes for the clearing-house? What do you mean by that? Did you put other notes in their place?

Ans. Yes, sir.

Ques. You put notes to the amount you substituted, when the bank wanted to make a pledge to the clearing-house, the securities which the bank held in that list were taken out and others substituted in their place, keeping it still intact?

Ans. Yes, sir.

Ques. So that finally when the envelope was given back to M'r Cavaroc, what was the result of that?

Ans. The substitution in the envelope.

By M'r Beckwith. You don't remember the notes that were substituted for the others?

Ans. No, sir.

By M'r Clarke. Did you not always make a memorandum?

Ans. No, sir.

CHA'S DEARMAS.

Sworn to and subscribed before me July 1st, 1874.

F. A. WOOLFLEY,
Examiner.

By consent of counsel the taking of testimony is hereby continued until the 17th day of December, 1874.

F. A. WOOLFLEY,
Examiner.

130 NEW ORLEANS, *December 17th*, 1874.

Taking of testimony for complainant resumed.

Present: J. D. Rouse & J. R. Beckwith, solicitors for complainant; Tho's Allen Clarke, solicitor for the Societé de Crédit Mobilier; F. Fuselier for C. Cavaroc & Son.

HENRY BLACHE, produced and sworn on behalf of the complainant, deposes and says:

By Mr. Rouse:

Ques. Were you in the employ of the New Orleans National Banking Association prior to its failure?

Ans. Yes, sir.

Ques. State in what capacity and how long.

Ans. I was there in different capacities, first as runner and exchange clerk, and for ten months cashier.

Ques. You were employed in the Bank of New Orleans and in the association which succeeded it for a number of years, were you not?

Ans. Yes, sir.

Ques. And still in the employ of the receiver?

Ans. Yes, sir; I am.

Ques. What do you know of the business of the bank in connection with the Crédit Mobilier, of Paris?

Ans. On the 10th of July, 1873, the bank received a cablegram from C. Cavaroc, j'r, then in Paris, stating that the bank could draw on the Crédit Mobilier at ninety days' sight for a million of francs, a list of the securities to be handed to Cavaroc. On the succeeding day, July 11th, a dispatch was received from the Crédit Mobilier asking the bank to defer the drawing of the bills, as the arrangement with Cavaroc was not yet completed. In the evening of the same day a second dispatch was received from C. Cavaroc, j'r, telling the bank to draw at ninety days' sight for a million of francs; that the Crédit Mobilier had accepted the guarantee of C. Cavaroc & Son.

131 On the 12th July bills for one million francs at ninety days' sight were drawn to the order of F. Schuchardt & Sons, and transmitted to them. They were negotiated by Schuchardt & Sons, and the bank drew its draft against the proceeds.

On the 19th August, in accordance with the contract with the Crédit Mobilier, a list of securities, notes and bills discounted, to the amount of $220,000, was made out by the note clerk; the notes were put in an envelope with the name Crédit Mobilier, and a list of the notes forwarded by Cavaroc & Son to the Crédit Mobilier.

Ques. Can you produce the original letter-press copy of that list which you speak of that was made on the 19th of August?

Ans. Yes, sir; there it is.

(Letter-book produced. Exhibit A 3 offered by complainant.)

Ques. Examine the list marked "Exhibit B," annexed to the answer of the Crédit Mobilier, defendants, on file in this case, and see whether it corresponds in items and amount with the original.

Ans. Yes, sir; it does.

Ques. When was that original list made?

Ans. On the 19th of August.

Ques. Then if any list was made bearing date of July the 12th, it was antedated, was it not?

Ans. It was.

Ques. Were any of these notes mentioned in the list, which were not in existence on the 12th July, or not in possession of the bank on that date?

Ans. I could not say exactly, but I believe there were some. I

132 examined the list some time ago when M'r DeArmas was examined here, and I recollect one note was discounted on the 4th of October, which appears in the securities of the Crédit Mobilier.

Ques. On a subsequent list, however?

Ans. I cannot tell without referring to the books.

Ques. Can you tell by referring to the books?

Ans. Yes, sir.

Ques. Will you look at the note of A. Dupaquier for $30,000?

Ans. That note was discounted on the 9th August, 1873. It was not

a renewal. I cannot say by this book whether it was a renewal or not, but I know there was a note discounted at that date.

Ques. When was the note of P. S. Wiltz & Co. for $5,000 acquired by the bank which matured on the 20th October, 1873?

Ans. The note of P. S. Wiltz & Co. for $5,000 was discounted on the 18th of August, 1873.

Ques. The notes also of Dupré, Reine & Co. for $2,000 maturing October 20, 1873?

Ans. The note of Dupré, Reine & Co. for $2,000 was discounted on the 18th of August, 1873.

Ques. When was the note of William Morrison & Co., which matured on the 19th of October, 1873, to the amount of $7,500, acquired by the bank?

Ans. On the 19th of July, 1873.

Ques. When was the note of I. Bloom & Co. for $2,834.65, due October 19th, 1873, acquired by the bank?

Ans. On the 18th of August, 1873.

Ques. What was done with those notes on this list of 19th of August, 1873?

133 Ans. They were given by the note-clerk to Mr. Cavaroc, who handed them back to me for safe-keeping. They remained in my hands for about five or six days, when I again returned them to the note-clerk.

Ques. How were they treated afterwards in the business of the bank?

Ans. The notes were collected as they matured, and the proceeds placed to the credit of the bank, and a substitution of notes for an equal amount as those that were drawn was made.

Ques. In the course of such substitution were the notes removed from the bank and delivered to Cavaroc & Son, or did they remain there and go through the same course?

Ans. They remained all the time in the bank.

Ques. Were there any entries made upon the books showing the disposition of these notes?

Ans. None at all.

Ques. The proceeds of collection were credited bills discounted the same as all other notes?

Ans. Yes, sir.

Ques. Did the proceeds go into the cash of the bank?

Ans. Yes, sir.

Ques. Were not some of these notes delivered by Mr. Cavaroc to other parties?

Ans. Yes, sir; some of them were taken out and placed in the clearing-house.

Ques. They were treated in all respects as the property of the bank, the same as any other portion of the portfolio?

(Mr. Clarke, for defendants, objects to the question, as it is a conclusion from facts.)

Ans. Yes, sir.

134 Ques. Was there any other call from the Crédit Mobilier for further security?

Ans. No, sir.

Ques. Were there any other lists made?

Ans. Yes, sir; a subsequent list of $325,000 was made.

Ques. What was the occasion for that?

Ans. I don't know.

Ques. How were the notes in this $325,000 list treated?

Ans. Well, I don't know when that list was made. It must have been made while I was away at Washington.

Ques. After the failure of the bank?

Ans. I suppose so; I am not certain. I do not know.

Ques. When did you leave here for Washington?

Ans. I left here on the 6th of October.

Ques. When did the bank fail?

Ans. The bank failed on the 4th of October, 1873.

Ques. You say you had no knowledge of any such list having been made prior to that time?

Ans. I had not.

Ques. Do you know whether or not any additional notes or securities were placed in the envelope corresponding with such list?

Ans. Not whilst I had them.

Ques. Was the whole amount still carried in the portfolio of the bank as bills discounted, or were they charged to any special account?

Ans. There was no account kept. They figured as notes and bills discounted.

135 Ques. Was there anything to show to the directors of the bank, if they examined the books, that any such transaction had been made with the notes?

Ans. No entry whatever.

Counsel for complainant now calls upon M'r Thomas Allen Clarke, counsel for the Crédit Mobilier, defendants, for all original statements of assets, correspondence, and lists of notes of the New Orleans Banking Association addressed to the Crédit Mobilier, and particularly the lists of the notes bearing date August 19th, 1873; and the list of notes of a subsequent date unknown; and the letters of C. Cavaroc & Son, or the New Orleans National Banking Association referring to the same; and the Crédit Mobilier, through Thomas Allen Clarke, esq., of counsel, acknowledge this notice of demand.

By M'r Rouse:

Ques. Can you produce the minutes of the proceedings of the board of directors of the New Orleans National Banking Association for the four months prior to its failure?

Ans. Yes, sir; it is here.

(Minute-book produced.)

Ques. Who kept the minutes of the proceedings of the board of directors?

Ans. I did.

Ques. Were they written up by you and signed by you?

Ans. Yes, sir.

(Complainant offers in evidence the minutes of the proceedings of the board of directors of the New Orleans National Banking Association, the book in which they are recorded commencing on page 56 with
136 the meeting of June 5th, 1873, including all the minutes of proceedings on said page 56, and the following pages, to and inclusive of the minutes of the meeting held on October 4, 1873, recorded on page 66, copies of which are to be furnished verified by the examiner. Exhibit A 4.)

Ques. Have you a knowledge of the condition of the bank for the months of May, June, July, August, and September prior to its failure?

Ans. Yes, sir; the bank was in a pretty desperate condition.

Ques. What was its condition on the 31st May, 1873, in regard to its ability to meet the checks against it?

Ans. There were no funds at all in cash, or hardly any, except a few thousand dollars.

Ques. How did you manage to get through that day?

Ans. A deposit was made by a certain party of $25,000, which the bank used to pay balances of exchange that morning.

Ques. What day of the week was this?

Ans. That was on Saturday, the 31st May.

Ques. What was the bank's liability to depositors on that day?

Ans. $680,775.97, besides the amount of $3,450 on special deposit with four per cent. interest.

Ques. Could you give the details as to the condition of the cash on that day?

Ans. I will here remark that the individual depositors' account would have shown $100,000 more had there not been overdrafts to the amount of $100,000.

Ques. So the actual amount due to depositors exceeded the amount stated on the books by $100,000?

Ans. Yes, sir; the individual books showed $100,000 more than the general ledger, on account of overdrafts.

137 Ques. Can you give the particulars of the cash account of that date, the 31st May?

Ans. No, sir; I cannot.

Ques. How would the checks for exchange with city banks compare in amount with those that were held against the bank?

Ans. I believe the checks against us exceeded the amount of our checks against other banks, because at that time there were heavy calls on the bank. I am not certain, though, on that particular day, but my impression is that it must have been so.

Ques. What took place on the first day of June in regard to the difficulties of the bank?

Ans. On Sunday, the first day of June, there was a meeting of the bank presidents for the purpose of discussing the propriety of giving assistance to the bank.

Ques. The presidents of the New Orleans banks?

Ans. Yes, sir.

Ques. At whose request was this meeting held?

Ans. At the request of M'r Cavaroc.

Ques. Do you know who was present; can you name any of them?

Ans. Yes, sir. There was M'r Kennedy, of the State National Bank; M'r Kohn, of the Union National Bank; M'r Schneider and M'r Cassard, of the Germania Bank; M'r Oglesby, of the Louisiana National Bank; and I believe M'r Fortier, of the Bank of America.

Ques. Was M'r Jonas, of the Canal Bank, there?

Ans. No, sir.

Ques. Or any one representing the Canal Bank?

Ans. No, sir.

Ques. What was laid before the assembled bank presidents?

138 Ans. Some of the books of the bank were produced there at the meeting—the statement-book and the discount-tickler.

Ques. Where was this meeting held?

Ans. At the banking-house, in the room of the board of directors.

Ques. How long did they remain consulting together?

Ans. About an hour.

Ques. What was the result of the meeting?

Ans. M'r Cavaroc came down then and informed me.

Ques. Were you present at the bank at the time of this meeting?

Ans. I was in the bank.

Ques. And you saw those parties go into the president's room?

Ans. Yes, sir; I had an appointment with the president for that purpose.

Ques. And you know that these books you speak of were taken in there?

Ans. Yes, sir; I gave them in myself.

Ques. State what knowledge you have, and how you acquired it, of what took place in that room.

Ans. All that I know was what M'r Cavaroc told me when he came down.

Ques. And what did he tell you?

(M'r Clarke, for defendants, objects to anything M'r Cavaroc may have said.)

Ans. He told me that the bank presidents had agreed to loan him between $300,000 and $400,000, and that "we," meaning the bank, were saved.

Ques. What was your understanding as to how the loan was made, or to be made?

139 Ans. I understood that the loan was made to the bank, but I afterwards found out that it was made to the New Orleans Mutual Insurance Association.

(M'r Clarke, for the defendants, objects to the latter portion of the above answer as hearsay.)

Ques. Do you know why it was made to them?

Ans. I do not.

Ques. After the loan was made did the bank become the beneficiary of that loan; and, if so, how?

Ans. The bank did, in an indirect way; the money was deposited by the insurance company in the bank.

Ques. Do you know why the loan was made to the insurance company instead of to the bank?

Ans. I do not.

Ques. Do you know whether the insurance company gave any securities for that loan?

Ans. Only by hearsay. I don't know myself.

Ques. Whom did you hear say anything about it?

Ans. M'r Lanaux.

(M'r Clarke, for defendants, objects to the answer as hearsay.)

Ques. What further knowledge have you of the condition of the bank as to solvency or insolvency? and state the grounds of your knowledge.

Ans. Taking into account the shrinkage of the assets of the bank, such as stocks, bonds, the depreciation of real estate, losses sustained in exchange operations, and notes and bills discounted, I believe that more than the capital of the bank was absorbed.

Ques. Suppose that during the months of July and August the panic which took place in September had occurred, could the bank have stood a run?

(M'r Clarke, for defendants, objects.)

140 Ans. The bank would never have sustained a run.

Ques. During any part of that period from June to October?

Ans. No, sir.

Ques. Was it not a matter of common understanding between yourself and the president that the bank was in a dangerous condition?

Ans. I recollect one conversation I had with the president in which he acknowledged that the bank was in a dangerous condition.

Ques. Can you give any details of the losses of the bank?

Ans. Yes, sir; we lost at least between $150,000 and $200,000 in protested exchange, which was never paid. We lost at least $50,000 or $75,000 in the differences of exchange.

Ques. Have you made a statement of the items which figured among the resources of the bank during that period, showing the actual losses at the time and which should have been charged to "profit and loss?"

Ans. Yes, sir; I have.

Ques. Can you submit such a statement?

Ans. Yes, sir, I can; there it is.

(Complainant offers in evidence said document marked as "Exhibit A 5.")

Ques. Did you make that statement yourself?

Ans. Yes, sir.

Ques. And you know it to be correct?

Ans. I do.

Ques. The memorandum at the bottom of this Exhibit A 5 is designed to show some of the details of the statement?

141 Ans. Yes, sir. The stocks and bonds there enumerated shows the rate at which they were carried upon the books.

Ques. Will you state how the dividends in that bank were declared towards the close of its operations, say for the last year?

Ans. The greater part of the dividends declared paid to stockholders was charged to "suspense account," not earned.

Ques. In other words they were paying dividends out of the capital or cash resources, without having earned them?

Ans. Yes, sir.

Ques. Was there always the amount of cash on hand that the books represented?

Ans. Not always.

Ques. State what the fact was in regard to the cash at various times?

Ans. Once or twice or three times deposits of checks drawn either by M'r Cavaroc or the insurance association on a bank where they had no account, were deposited in the bank, and the check, instead of going into the exchanges, figured in the cash of the paying-teller as currency.

Ques. Can you state the amount of any such checks?

Ans. I recollect one for $100,000 and another for $50,000.

Ques. Was that during the period between July the 1st and October 4th?

Ans. Yes, sir; it was during the three or four months preceding the suspension.

142 Ques. What object was there in making these transactions, placing these checks in the cash and counting them as such?

Ans. It was for the purpose of making the cash appear stronger than it was, to furnish a statement to the clearing-house.

Ques. Would that affect the standing of the bank favorably with other banks and bankers in the city?

Ans. No, sir.

Ques. I mean would it make the bank appear to be in a better condition?

Ans. It would.

Ques. Was that the object?

Ans. That was the object.

Ques. What disposition was made of these checks eventually, that were thus put in the cash?

Ans. They were destroyed the next morning, and the party depositing the check would draw the same check against that deposit and substitute it for the check in the hands of the paying-teller.

HENRY BLACHE.

Subscribed and sworn before me December 17th, 1874.

F. A. WOLFLEY,
Examiner.

Examination adjourned to Saturday, Dec. 19th, 1874, at 11 o'clock a. m.

NEW ORLEANS, *Dec. 19th*, 1874.

Present, J. D. Rouse & J. R. Beckwith for complainant.
" Tho's Allen Clarke, esq., for defendants Crédit Mobilier.
Examination of Henry Blache resumed.

Ques. You have stated that some of the notes mentioned in the list about which you have testified, or which were mentioned in other lists, were transferred or pledged to other parties. Can you state what particular notes, and what disposition of them was made?

143 Ans. The note of R. A. Chiapella for $1,825.40, was transferred to the clearing-house: the note of I. Bloom & Co. for $3,108.50, was also transferred to the clearing-house; also the note of Wolf & Marks for $2,500; also note of F. Camerden for $1,364.50; also note of A. Poincy for $8,500; also note of E. S. Wurzburger for $2,800. There must have been some others which I had no time to check off.

Ques. These notes mentioned were originally in the lists of those transferred to the Crédit Mobilier?

Ans. Yes, sir; the list of the 19th of August.

Ques. You say that these notes on the list of the 19th August were given to you?

Ans. Yes, sir.

Ques. Were they ever removed from the bank?

Ans. Not that I know of, sir.

Ques. They remained in the custody of the officers of the bank?

Ans. Until the day of the suspension.

Ques. Except such as were paid?

Ans. Yes, sir; except such as were paid.

Ques. When they were paid, the money was credited to notes and bills discounted.

Ans. Yes, sir.

Ques. And went into the general cash of the bank?

Ans. Yes, sir.

Ques. The same as the money received from the collection of any other of the portfolio?

Ans. Yes, sir.

HENRY BLACHE.

Subscribed and sworn before me Dec. 19, 1874.

F. A. WOOLFLEY,
Examiner.

Examination adjourned to Monday, Dec. 21st., at 6 o'clock p. m.

144 NEW ORLEANS, *Dec. 21st*, 1874.

Present, J. D. Rouse & J. R. Beckwith, for complainant.
" Tho's Allen Clarke, esq., for defendant Credit Mobilier.
" F. Fuselier, esq., for Charles Cavaroc & Son.
Examination of Henry Blache, resumed.

By M'r Rouse:

Ques. How was the negotiation between the Crédit Mobilier and the New Orleans National Banking Association opened?

Ans. By telegraphic dispatches.

Ques. From whom?

Ans. C. Cavaroc, j'r.

Ques. Where was he?

Ans. In Paris.

Ques. Was he acting for the New Orleans National Banking Association in this matter?

Ans. Yes, sir.

Ques. Can you produce the telegrams received from him?

Ans. Yes, sir.

(Witness now produces a telegram, dated July 11, 1873, which is hereto annexed as Exhibit A 6.)

Ques. This dispatch, A 6, is in cypher?

Ans. Yes, sir.

Ques. Explain the cypher, so that the dispatch shall be made intelligible by annexing the translation.

Ans. Yes, sir. The dispatch reads: "Bank exchange purple." Purple means one million. "Thursday, ninety days sight Société de Crédit Mobilier giving best securities deposited with house."

Ques. The next telegram received was dated July 11th, 1873?

Ans. Yes, sir; which I now produce.

(Annexed and marked as "Exhibit A 7.")

Ques. Will you translate?

145 Ans. Yes, sir. "Cavaroc Banking Association, New Orleans; defer drawing, the agreement is not yet completed." (Signed) "Crédit Mobilier."

Ques. The next telegram received was dated July 11th, 1873?

Ans. The translation is "Draw bank one million; ninety days' sight, Crédit Mobilier accepting our guarantee. (Signed) Cavaroc."

(Same annexed and marked as "Exhibit A 8.")

Ques. Your statement of the contents is the translation of the cypher, is it not?

Ans. Yes, sir.

Ques. Can you produce the correspondence between the New Orleans National Banking Association and the Société de Crédit Mobilier, following these telegrams?

Ans. Yes, sir; I can.

(The correspondence is here produced by witness, consisting of three letters addressed by the New Orleans National Banking Association to the Crédit Mobilier, and five letters from the Crédit Mobilier to the New Orleans National Banking Association; also the letter from C. Cavaroc, j'r, to the Société Crédit Mobilier, dated July 11, 1873, all of which are now hereto annexed and marked as exhibits, seriatum, to wit: A 9, A 10, A 11, A 12, A 13, A 14, A 15, A 16, A 17. Offered by complainant.

In response to a call made upon Thomas Allen Clarke, esq., of counsel for defendants The Credit Mobilier, for the production of the correspondence between the New Orleans National Banking Association and the Crédit Mobilier on the 17th December, 1874, M'r Clarke herewith produces all of the above, as requested, and are marked Exhibits A 18 to A 28 inclusive.)

146 By M'r Rouse:

Ques. Will you please state if you know what amount of un-

matured paper was in the portfolio of the New Orleans National Banking Association at the time of its failure?

Ans. Yes, sir; by reference to the books this morning I found about $65,000.

Ques. Of what was that amount chiefly composed?

Ans. There was one note of $50,000 due in 1877. It was a mortgage-note of N. S. Williams.

Ques. What is its value now?

Ans. It is worthless now.

Ques. About how much was the entire portfolio of the New Orleans National Banking Association indebted in the books of the bank under the head of "notes and bills discounted?"

Ans. $1,080,000.

Ques. I mean under the head of "notes and bills discounted?"

Ans. $1,080,000.

Ques. Does that include the bills receivable?

Ans. No, sir.

Ques. Was that amount of paper actually in the bank when it came into the hands of the receiver?

Ans. No, sir.

Ques. What had become of it?

Ans. It was pledged to the Crédit Mobilier and others.

Ques. Will you state to what others?

Ans. The National Park Bank and F. Schuchardt & Sons of New York, and the New Orleans Clearing-House.

147 Ques. The great bulk of the paper then had been passed over to the creditors of the bank about the time of its failure?

Ans. Yes, sir.

Cross-examined by M'r Clarke:

Ques. How long were you cashier of the New Orleans National Banking Association?

Ans. About ten months.

Ques. When did you come into the employment of the receiver?

Ans. In the month of January, 1874.

Ques. Where were you in the interval, that time from the 4th October?

Ans. I was absent from the city, about fifteen days in Galveston, Texas, and the remainder of the time I was here.

Ques. You said in your direct examination that you were in Washington; that you left here on the 6th of October?

Ans. Yes, sir; and remained away for eight or ten days.

Ques. When these telegrams were received, was there not an amount of security set aside and placed in the hands of M'r Cavaroc for the drafts being drawn?

Ans. No, sir; not to my knowledge.

Ques. Had you charge of the portfolio?

Ans. No, sir.

Ques. Who had?

Ans. The note-clerk.

Ques. What is his name?

Ans. Charles DeArmas.

Ques. You know nothing, then, except that a parcel was handed to you by M'r Cavaroc for safe-keeping?

148 Ans. I know that a list of the securities was made out.

Ques. Well, I am asking you about the securities when they

were placed in the envelope; I want you to respond to the question. When were the securities placed in the envelope?

Ans. They were placed there on the 19th August.

Ques. Not until that time, from your knowledge of the fact?

Ans. No, sir.

Ques. Where were they from the 12th July until that time? Was there any selection on account of this matter until the 19th August?

Ans. No selection that I know of.

Ques. You don't know but what there was a selection?

Ans. There was no list of the securities.

Ques. I have not asked you about the list of securities?

Ans. Well, there were no securities put aside previous to the 19th August.

Ques. Either in an envelope or any memorandum made of them?

Ans. No, sir.

Ques. What was your first knowledge of the securities being set aside?

Ans. My first knowledge was the list given to me by the note-clerk.

Ques. When?

Ans. On the 19th August.

Ques. Is that the list?

(Witness is presented with a paper, which is subsequently offered in evidence by defendants Credit Mobilier, and marked as "Exhibit B (1.")

149 Ans. Yes, sir; that is the list.

Ques. Is that your signature?

Ans. That is my signature to it (B 1.) That is the list of securities put up, but is not the proper one.

Ques. You made it out?

Ans. No, sir; the note clerk made the list.

Ques. You signed it?

Ans. Yes, sir.

Ques. What was the list made for?

Ans. It was made for the purpose of sending to the Crédit Mobilier.

Ques. Do you know how it was sent to the Crédit Mobilier?

Ans. I did not send it myself, but I understand that M'r Cavaroc sent it.

Ques. Was there no addition made to that list? Do I understand you to say that at that time the notes were placed in the envelope handed to M'r Cavaroc, and by him handed to you for safe-keeping?

Ans. Yes, sir.

Ques. And that you subsequently handed them to DeArmas—by whose direction?

Ans. Well, I had a great deal of trouble about getting the note-clerk to withdraw the notes that were maturing, and I requested M'r Cavaroc to return the notes to the note-clerk.

Ques. You mean the package containing the securities?

Ans. Yes, sir.

Ques. Had you anything to do with them subsequent to the time of handling that package?

Ans. No, sir.

150 Ques. You had nothing to do with it?

Ans. No, sir.

Ques. Do you know of any notes being taken out?

Ans. Yes, sir.

Ques. Do you know of any being put in?

Ans. No, sir.

Ques. You know of notes being taken out?

Ans. Yes, sir.

Ques. And put into the bank?

Ans. Put into the bank, and then pledged to the clearing-house and others.

Ques. But you don't know of other notes being put back in lieu of them?

Ans. Well, I cannot say, because I did not see them.

Ques. You say in your direct examination that one of these notes, mentioned in the list, some list—what list do you refer to?—was discounted on the 4th of October?

Ans. That was on the list of $325,000; not on this list (B 1.)

Ques. That list of $325,000, do you know the time that list was made?

Ans. No, sir.

Ques. You know nothing about it?

Ans. No, sir.

Ques. You stated in your direct examination that it was made out after you left here.

Ans. I don't know exactly when the list was made.

Ques. You said it was made when you were absent.

Ans. I think it was made then.

Ques. But I ask you as to the fact whether it was made out before or after?

Ans. I don't know.

151 Ques. You don't know the fact whether it was made out before or after?

Ans. No, sir.

Ques. You had not charge of the parcel containing the notes, and you only know that some came out of that parcel, but you don't know whether any others went back into it or not?

Ans. No, sir.

Ques. Why were the notes taken out to be pledged to the credit of the clearing-house?

Ans. Because we had no other available assets to give to the clearing-house.

Ques. Because the assets you had on hand were not satisfactory to the clearing-house?

Ans. Yes, sir.

Ques. You spoke of a note discounted on the 4th October in the $325,000 list?

Ans. Yes, sir.

Ques. What note was that?

Ans. A note of P. S. Wiltz & Co.

Ques. Was not that a renewal of a previous note of P. S. Wiltz & Co.?

Ans. Yes, sir.

Ques. For the same amount?

Ans. Yes, sir.

Ques. You stated that on the 31st May the condition of the bank was desperate?

Ans. Yes, sir.

Ques. How did you come to that conclusion; from your present examination of what was its state at that time, or from your knowledge of the existing condition of the bank on the 31st May; is it the opinion that you held at that time?

152 Ans. Yes, sir.

Ques. Had you made any estimate at that time of the state of the affairs of the bank?

Ans. I had.

Ques. But you had not made it in writing?

Ans. No, sir.

Ques. You had submitted it to no one?

Ans. No, sir.

Ques. Where was this statement prepared which you produced the other evening, marked "A 5?"

Ans. It was prepared here.

Ques. At what time?

Ans. Two or three days ago.

Ques. By whose direction?

Ans. No one's.

Ques. Voluntarily made by you?

Ans. Yes, sir.

Ques. At no suggestion from anybody?

Ans. Yes, sir.

Ques. By whom?

Ans. M'r Rouse.

Ques. What was the object of your visit to Washington?

Ans. To try to get the liquidation of the bank for the stockholders from the Controller.

Ques. Did you make any statements for presentation to the Controller?

Ans. No, sir.

Ques. What did you present to the Controller?

Ans. A statement from the books of the bank, just as it was from the books.

Ques. Did any one accompany you on that occasion?

153 Ans. Yes, sir,

Ques. Whom?

Ans. M'r Aldidge, one of the directors of the bank.

Ques. Who else?

Ans. M'r John Davis.

Ques. Did the Controller question you at that time with reference to the condition of the bank?

Ans. He did.

Ques. What did you state to him as to its condition?

Ans. I told him that the capital was gone.

Ques. You told him at that time that the capital was gone?

Ans. Yes, sir.

Ques. Was anybody present at that time?

Ans. M'r Aldidge and the Assistant Controller.

Ques. And they heard you say that the capital was gone?

Ans. Yes, sir; or pretty near gone.

Ques. Had you made at the time, yourself, any estimate?

Ans. Well, the estimate of the notes and bills discounted was made out by M'r Cavaroc, himself.

Ques. At the time?

Ans. Yes, sir.

Ques. In writing?

Ans. No, sir. He merely told me what notes he considered bad, and what notes he considered good.

Ques. What was the estimate?

Ans. I don't know.

Ques. You don't recollect the result of the estimate?

Ans. Of the notes and bills discounted?

Ques. Yes.

Ans. No, sir.

154 Ques. Was this "suspense account" then $109,000?

Ans. It was.

Ques. Did the Controller ask you about that suspense account?

Ans. No, sir.

(M'r Beckwith, for complainant, objects, as the above contains no matter involved in the examination-in-chief, and this objection applies to all matters relating to interviews between the witness and the Controller of the Currency.)

Ques. Do these statements appear as to figures the same as it was presented to him. It was this statement of the 31st of May, as I understand?

Ans. Yes, sir.

Ques. And it has been taken as the condition of the bank, as you estimated it at that time?

Ans. Yes, sir. On the 31st May the figures were the same as they are.

Ques. How does it compare with the figures at the time you had the interview with the Controller in October?

Ans. The only difference is in the little bills here, (referring to Exhibit B 1,) but the rest, as to the notes and bills discounted and the bills receivable, are the same.

Ques. What was this loss on account of Sigournet Frères?

Ans. It does not appear on the statement-book of the bank. That is the loss in francs, but it is not brought out in dollars.

Ques. Had that occurred prior to the 31st of May?

Ans. Yes, sir.

Ques. And how did it figure in the books of the bank?

155 Ans. It figured in the column of francs only, not in dollars.

Ques. What amount of francs?

Ans. About two hundred and fifty thousand francs, I think.

Ques. Did you not state to the Controller of Currency, in the presence of M'r Aldige, that the bank was not more than half lost? I mean the capital stock.

Ans. No, sir.

Ques. You never said so to the Controller?

Ans. I never said half, but I told him that the capital stock of the bank was mostly all absorbed.

Ques. Was lost?

Ans. Yes, sir; calculating upon the figures of M'r Cavaroc himself.

Ques. Have you made any statement, from the 31st May to the time of the suspension of the New Orleans National Banking Association, to the Controller?

Ans. I never made any statement. Our general book-keeper used to make the statements.

Ques. How were they forwarded?

Ans. They were forwarded by mail.

Ques. Was that the statement made under oath?

Ans. Yes, sir; under the oath of the directors.

Ques. What statements were forwarded? Have you copies of the statements forwarded from the 31st of May and subsequent to that time?

Ans. No copies were kept of them.

Ques. No copies were made?
Ans. No, sir.
Ques. Did not you at any time take up the statement of the bank, examine for yourself, and make an estimate of it?
156 Ans. What time?
Ques. At any time after the 31st of May, or at that time.
Ans. I may have done it, but I don't recollect.
Ques. Did you reduce it to writing?
Ans. I don't recollect.
Ques. Could you have made this statement, "A 5," without referring to the books?
Ans. One of the items I know by heart.
Ques. What was that?
Ans. The suspense account.
Ques. You say that the suspense account was charged to the dividends. By whose direction was that done?
Ans. By the president's.
Ques. Who was in charge of the books of the bank?
Ans. The general book keeper.
Ques. Were they not under your general control as cashier?
Ans. No, sir.
Ques. In no way?
Ans. No, sir.
Ques. What was your duty as cashier?
Ans. My duty was to supervise generally and keep the correspondence of the bank.
Ques. And to supervise its affairs?
Ans. Yes, sir.
Ques. Documents issuing from the bank were signed by you?
Ans. Yes, sir.
Ques. And bills drawn by you were signed by you?
Ans. Yes, sir.
Ques. And endorsements of bills were made by you?
157 Ans. Yes, sir.
Ques. Did the bank continue to deal in exchange from the 31st May up to the time of its failure, or at any time?
Ans. Yes, sir; it continued the exchange until the last month.
Ques. Did you sell any bills in any part of the country or abroad?
Ans. Yes, sir.
Ques. How was the deposit account from the 31st of May up to the time of the failure? Were deposits coming in? Were they receiving deposits?
Ans. Yes, sir.
Ques. And drawing checks?
Ans. And drawing checks.
Ques. Pretty freely?
Ans. Yes, sir.
Ques. Was the bank in credit in the community?
Ans. I cannot say.
Ques. You know that it received credit from those who purchased its exchange; did it not?
Ans. Yes, sir.
Ques. Were they merchants?
Ans. Well, merchants do not buy foreign exchange.
Ques. They bought your exchange on New York?
Ans. Yes, sir.

Ques. Did not the banks purchase your exchange?

Ans. Domestic exchange, they did.

Ques. They did purchase domestic exchange?

Ans. Yes, sir.

Ques. And the bank continued from the 31st May, from the time you speak of, up to the time of its suspension, to take on deposit, pay out on deposit, and draw exchange on New York and abroad?

158 Ans. Yes, sir.

Ques. Was there any run upon the bank from the 31st May up to the time of the panic?

Ans. There was a run through the clearing-house, but not directly on the bank. That is, there was never a crowd in the bank at the counters, but through the clearing-house the bank was beaten every morning in exchanges to heavy amounts.

Ques. How did it settle it?

Ans. It settled it by drawing bills of exchange and getting money for them.

Ques. It always settled its balances, then, in the clearing-house, did it?

Ans. Yes, sir; except during the suspension of the bank, when they furnished notes and bills discounted.

Ques. That was after the panic?

Ans. On the 24th September, I think.

Ques. I see you mark down 224,000 city bonds at eighty cents. Was that number of city bonds held by the bank? (Exhibit A 5.)

Ans. Yes, sir.

Ques. Did you figure them in this account at eighty cents at that time?

Ans. They figured that way on the books of the bank.

Ques. Where do you estimate the loss on them?

Ans. Bonds of the city are now worth about fifty cents.

Ques. But you state that these items at the bottom of Exhibit A 5 are the details of the items in the general account. What general account? Are the books here?

Ans. Well, there is an account open on the books for stocks and bonds.

159 Ques. Then the loss in the depreciation of stocks, bonds, and real estate is $70,000. Is that what you mean? And you put down this item of 224,000 city bonds at eighty cents?

Ans. These were the actual losses on the assets of the bank, I mean.

Ques. Now, why do you call that "loss on city bonds?" Was it because their market value on the 31st May was less than eighty cents?

Ans. Yes, sir.

Ques. How about the State bonds? There are 5,000 State bonds at forty cents.

Ans. They are on the books at that.

Ques. Then you put down 224,000 city bonds, 5,000 State bonds, and 6,300 Odd Fellows' Hall bonds, all of which items make up about 234,000, at the pro rata at which they figure on the books?

Ans. Yes, sir.

Ques. Your estimated loss of $70,000 is the difference between the charge on the books of the bank and their market value on the 31st May?

Ans. Yes, sir.

Ques. Then there are four items of loss on bills of exchange. Had these losses occurred at that time—May 31st?

Ans. Yes, sir.
Ques. The bills were protested?
Ans. Yes, sir.
Ques. What was the aim of your visit to Washington?
Ans. It was to try and get the liquidation of the bank by the stockholders.
Ques. Were you paying-teller as well as cashier?
Ans. No, sir.
160 Ques. Who was?
Ans. M'r DeArmas was paying-teller.
Ques. As well as note-clerk?
Ans. No, sir; it was not the same one.
Ques. Another DeArmas?
Ans. Yes, sir.
Ques. What is his first name?
Ans. Rosamond.

Cross-examined by F. Fusilier, on behalf of C. Cavaroc & Son:

Ques. Did you not, previous to your leaving the city for Washington, state positively to the directors that so far from the bank being insolvent, there would be left about $200,000 of its capital?
Ans. I said something of that kind, about $100,000 or $150,000. That was predicated upon the valuation placed by M'r Cavaroc himself on the notes and bills discounted which were under suspension and unprotested.
Ques. Did you or not know better at the time, or know otherwise?
Ans. My impression was that the bank was insolvent, because there were thousands of dollars of notes which I knew, that although not matured, to be worthless then, and they have proved to be so since.
Ques. Did you not in your experience ascribe this worthlessness which has occurred, as you have mentioned, to the failure of the bank?
Ans. No, sir.
Ques. Or in other words that the debtors on these notes had been unable to pay them if the bank continued?
161 Ans. One or two might have been able to pay, but others could not possibly do it, in my opinion.
Ques. You have spoken of a note of Williams for about $50,000, which is worthless, as you say; do I understand you so?
Ans. Yes, sir.
Ques. Was not that note a mortgage-note?
Ans. It was a mortgage-note.
Ques. Bearing mortgage on what?
Ans. On a plantation in the parish of Terre Bonne.
Ques. How do you know that note is worthless?
Ans. From information received since.
Ques. Has there an attempt been made to foreclose the mortgage?
Ans. Not that I know of.
Ques Who holds that note?
Ans. The receiver. It is not due until 1877.
Ques. Had you not, at any time after May, 1873, and prior to the closing of the bank, advised your friends to make their deposits in the New Orleans National Banking Association?
Ans. I never advised—that is, I never went to see any but one party; that was M'r Mercier, and that was because I was begged to do so by M'r Cavaroc. I never advised any other party.

Re-examined by M'r Rouse:

Ques. Do you not know that the plantation on which the Williams

note bears mortgage has already been sold out to satisfy claims for labor and supplies?

Ans. I don't know it personally, but I was told by the receiver that it was sold to pay for plantation supplies furnished by M'r Kennedy.

162 Ques. Did not the New Orleans Banking Association borrow from the National Park Bank of New York a large amount of money in the month of June, 1873?

Ans. Yes, sir; the bank borrowed $150,000.

Ques. Is that not a very unusual course for a bank to borrow money, unless it is in trouble?

Ans. It was done several times by that bank.

Ques. What was the occasion for borrowing so large a sum?

Ans. When the first loan was made the object was to discount paper as much as possible on the proceeds of that loan?

Ques. But this loan in June; what was the object of that? Was it not to enable the bank to pay its depos'tors?

Ans. Yes, sir; the bank was in a pretty tight place then, and we had to borrow everywhere we could.

Ques. This loan was effected early in June?

Ans. I don't recollect the date exactly.

Ques. A few days after the difficulty of the 31st May?

Ans. I can find the date.

Ques. Please find it, then.

(Witness produces a book, and says:)

Ans. The loan was effected in the National Park Bank on the 11th June.

Ques. Were not some of the directors very largely indebted to the bank in the summer of 1873?

Ans. Yes, sir.

Ques. Will you state the nature of the indebtedness of some of them, giving their names?

163 Ans. M'r Mouton, one of the directors, had discounted paper to the amount of about $70,000, and an overdraft of about $60,000. P. S. Wiltz & Co. had discounted paper to the amount of about $60,000, and an overdraft of about $40,000. M'r E. F. Mioton had discounted paper to the amount of about $30,000, and M'r Haas, of the firm of Frank, Haas & Co., had about $30,000 paper discounted and exchange.

Ques. Have any of these four directors paid or settled their indebtedness?

Ans. They have been compromised, but no amount was ever paid to the bank since.

Ques. You mean there have been extensions of time granted, and reductions made of the amounts in some instances?

Ans. Yes, sir.

Ques. Was not one of the overdrafts settled by a check upon some account in the bank about the time of its failure?

Ans. Yes, sir; the president gave checks to M'r Mouton and P. S. Wiltz & Co. to cover their overdrafts; that is, I am not certain as to P. S. Wiltz & Co., but about M'r Mouton I am certain.

Ques. You stated that the bank, during the summer of 1873, settled its balances sometimes by selling exchange?

Ans. Yes, sir.

Ques. Was not the drawing of bills upon the Crédit Mobilier for the purpose of tiding over some of its immediate difficulties?

Ans. Yes, sir.

Ques. Were there any cashier's checks outstanding at that time, which were settled by bills drawn on the Crédit Mobilier?

164 Ans. I cannot recollect that.

Ques. Were there any cashier's checks outstanding on the 24th September, given to settle the daily balances which were subsequently secured through the clearing-house?

Ans. I believe there were some checks.

Ques. In M'r Cavaroc's estimate of the value of the assets, or the condition of the bank, did he not place considerable value upon a cotton claim of the bank pending in the United States Court of Claims?

Ans. No, sir; that had nothing to do with the assets of the bank.

Ques. But in speaking about its condition about the time of its failure, when M'r Cavaroc said that it would probably leave something for the stockholders, did he not base his hopes chiefly on the cotton claim?

Ans. No, sir.

Ques. In regard to the Statement A 5, which you have stated was the result of a suggestion from me, did I suggest what statement you should make, or did I suggest that you should refresh your memory for the purpose of this examination?

Ans. You suggested to me to refresh my memory, and I drew up the statement and showed it to you afterwards.

By M'r Clarke:

Ques. Were these directors whom you say were indebted in large sums enjoying good credit at that time in the summer?

Ans. I don't know how their credit stood.

Ques. They had not suspended?

Ans. They had not yet suspended at the time.

165 Ques. You say that M'r Cavaroc gave the bank a check—gave these gentlemen a check for the purpose of making up their overdrafts; had M'r Cavaroc funds in the bank then?

Ans. Yes, sir; he had $80,000 in the bank to his credit.

By M'r Fuselier:

Ques. During the interval which elapsed—you stated from the 31st May to the 4th November—did not Mess'rs Cavaroc & Son have at different times large amounts to their credit on deposit in the bank?

Ans. Yes, sir; almost all the time.

Ques. What was the largest amount that you can recollect?

Ans. Well, during the year they had $150,000 to their credit.

Ques. At one time?

Ans. Yes, sir; at one time.

Ques. Had all the other houses large amounts?

Ans. Yes, sir.

Ques. Was not M'r Cavaroc also president of the New Orleans Mutual Insurance Association?

Ans. Yes, sir.

Ques. Where did that association deposit its moneys?

Ans. In the bank.

Ques. Did it deposit any of its moneys during the period I have spoken of—from the 31st May?

Ans. Yes, sir.

Ques. What was the largest amount that you can think of that that association had on deposit with that bank?

166 Ans. They have now $90,000.

Ques. Have they had at any other time a larger amount than that?
Ans. Well, I had no occasion to look over the account of the insurance company.
Ques. You have spoken of notes due by M'r Mioton. Do you know whether or not these notes are secured by mortgage collaterals?
Ans. Some of them were.
Ques. The largest amount, or the smallest?
Ans. It was the largest amount, I believe.
Ques. Were any of the P. S. Wiltz & Co. notes secured by collaterals?
Ans. They were secured by collaterals of planters' notes.
Ques. Was it not the same with Mouton's notes to a great or considerable extent?
Ans. No, sir; M'r Mouton had no other name but that of D'r Dupaquier.

By M'r Rouse:

Ques. Was not D'r Dupaquier a partner with M'r Mouton?
Ans. I don't know; the report is so, but I don't know.
Ques. Has there been, or is there likely to be, much realized from the collaterals connected with the paper of P. S. Wiltz & Co. or E. F. Mioton?
Ans. P. S. Wiltz & Co.'s collaterals, I don't know what they are worth.
Ques. Has there been much paid on the collaterals?
Ans. No, sir.
Ques. Was not the large balance which you speak of as being
167 to the credit of Cavaroc & Son the result of the foreign exchange drawn by them and sold to the bank, and the proceeds placed to their credit?
Ans. Yes, sir.
Ques. Was there not, at the time the bank failed, a large amount of such bills outstanding with the bank's endorsement?
Ans. A very large amount.
Ques. Can you state about what amount?
Ans. About a million and half francs.
Ques. Has any of that exchange been paid?
Ans. No, sir.

By M'r Fusilier:

Ques. I want to know whether the collaterals consisting of planters notes given by M'r Mouton were not given by him to secure payment to the bank?
Ans. We had some papers.

HENRY BLACHE.

Subscribed and sworn before me December 21st, 1874.

F. A. WOOLFLEY,
Examiner.

Examination here adjourned to Wednesday, Dec. 23d, at 6 o'clock.
(See testimony of Legardeur, page .)

NEW ORLEANS, *Dec.* 31*st*, 1874.

Present, J. D. Rouse & J. R. Beckwith, esq's, solicitors for compl't.
" Tho's Allen Clarke, sol'r for def't Société de Crédit Mobilier.

Testimony of Henry Blache resumed, & examined—

By M'r Rouse:

Ques. Since your last examination in this case, have you made a more

thorough investigation of the condition of the assets of the New Orleans National Banking Association on the 30th June, 1873?

Ans. I have made a detailed statement.

168 Ques. Can you produce such statement, in connection with your testimony?

Ans. Yes, sir.

(Witness here produces the statement, which is offered in evidence by complainant, and marked as "Exhibit A 29.")

Ques. What is the result of this new investigation of its affairs as to its losses?

Ans. It shows a loss of $820,000.

Ques. Have you made an examination of the books by which you can state the condition of the portfolio of the New Orleans National Banking Association at the date of its failure?

Ans. I have.

Ques. Can you produce such a statement?

Ans. Yes, sir.

(Witness produces such statement, which is offered in evidence by complainant, and marked as "Exhibit A 30.")

Ques. You stated that there was about $65,000 of unmatured paper came into the hands of the receiver. Will you explain the difference between the amount coming into his hands and the amount on hand at the time of the failure?

Ans. An amount of $5,000 was paid.

Ques. In the interval between the failure and the time of the receiver coming into possession?

Ans. No, sir. It was paid in the hands of the receiver. The amount surrendered by the banking association to the receiver of unmatured paper was about $70,000. I stated the other day that I believed it was between $65,000 and $70,000.

Ques. In your presenting the condition of the bank to the Controller of the Currency, upon whose estimate did you act as to the value of the assets?

169 Ans. Upon M'r Cavaroc's for certain items only, such as the portfolio.

Ques. What was the custom in the bank in regard to the stamping of notes and bills discounted above the endorsement?

Ans. The rule was to use the stamp, passing the notes to the order of the bank.

Ques. You stamped above the endorsement, "Pay to the order of the New Orleans National Banking Association?"

Ans. Yes, sir.

Ques. At the time of this pretended pledge of the portfolio to the Société de Crédit Mobilier, did you endorse the notes?

Ans. At the time the notes were made? No, sir.

Ques. Did you endorse them?

Ans. I did after the failure of the bank.

Ques. How long after?

Ans. When I got back from Washington.

Ques. Under whose direction?

Ans. At the request of M'r Cavaroc, in his own office.

Cross examined by M'r Clarke:

Ques. This statement marked "Exhibit A 29," which you present, has been made by you since your last examination?

Ans. Yes, sir.

Ques. The estimates made by you have been made since you were last examined?

Ans. Yes, sir. A detailed statement.

Ques. Was this stamp affixed to the notes that were transmitted to Cavaroc & Son under pledge to the Crédit Mobilier?

170 Ans. I am not certain of that, but I know that I endorsed the notes, and I suppose the stamp must have been put on, too.

Ques. You don't know?

Ans. I don't know positively.

Ques. You have heard the conversation which M'r Aldige relates in his testimony as having taken place with you in reference to the statement of the bank. Is that a truthful statement?

Ans. I never had a conversation with him about the statement of the bank.

Ques. Did you prepare any statement at his request?

Ans. No, sir. The statement was prepared by the general book-keeper, and taken from the books of the bank, and that is the statement which was handed to the Controller

Ques. This last statement, made up on the 4th of October, as exhibited in the general book keeper's statement?

Ans. I don't know exactly what date it was made up, but it must be about the 4th of October.

Ques. Did you give M'r Aldige any such statement?

Ans. No, sir. During our trip to Washington, or the day before our departure, there was never any question raised as to the statement of the bank between M'r Aldige and myself.

Ques. Did you hand M'r Aldige such statement?

Ans. I had a statement which I showed to M'r Aldige, but I do not know what has become of it. I wish I could find it.

Ques. You do not know what has become of it?

Ans. No, sir.

171 Ques. You handed the copy of the statement to M'r Knox which you carried from here, taken from the books of the bank?

Ans. Yes, sir.

Ques. Did you state to the Controller that the bank lost some of its capital?

Ans. I stated to the Controller that the bank lost seven-eighths of its capital.

Ques. Did you make the statement to the Controller which M'r Aldige mentions with reference to its capital?

Ans. I said it lost about seven-eighths.

Ques. Did you say that the bank was able to meet its liabilities, having lost a portion of its capital, as M'r Aldige states?

Ans. No, sir. I stated to the Controller that seven-eighths of the capital of the bank was lost.

Ques. Did you say to the Controller what M'r Aldige states?

Ans. No, sir. The controller never asked for an explanation except as to the loss of the capital of the bank. The only mention made of a particular loss was that of Mallalieu. He did not go into any statement in detail. There was no question about the "suspense account" or the "banks' and bankers' account," or the old portfolio, and many other items. The only particular loss which I mentioned was that of Mallalieu and the loss of seven eighths of the capital of the bank.

Ques. M'r Aldige, in his testimony, relates the following:

"At one o'clock, when we met M'r Knox, he showed to M'r Blache the last statement furnished by him and on file at Washington, and asked

him to explain the difference existing between that statement and
172 the one handed to him in the morning. Amongst other items, M'r Blache explained that the bank had met since that statement with a loss of some $80,000 in the hands of one Mallalieu, banker in London." Is that correct?

Ans. Not to my recollection. The previous statement of the bank was not mentioned by the Controller.

Ques. What did you say to him with reference to the loss of Mallalieu?

Ans. I stated before that I mentioned the loss of Mallalieu to the Controller.

Ques. M'r Aldige states, further, that you stated to the Controller, on this second interview about this loss, "But in spite of this loss, the bank was fully prepared or able to meet its obligations."

Ans. I answered that question before, saying that only seven-eighths of the capital was lost, and that the bank could pay its liabilities.

Ques. Do you remember any such statement being made to the board of directors as M'r Aldige relates in his testimony, to wit: "From the reports that were made to the directory, I knew that the bank was embarrassed, but it was stated that if the bank could reach the time the crops would be gathered in, and settlements made by the parties debtors to the bank, that the bank would find itself in a position to do still a good business?" Was any such statement made in your presence?

Ans. No, sir.

Ques. Do you remember having the conversation with M'r Aldige in the cars which he relates as follows: "Some time during the summer of 1873, after the bank had been authorized to draw some large amounts on Europe, I met M'r Blache in the cars, and, speaking of mat-
173 ters concerning the bank, I expressed the opinion that there was no difficulty in reaching the time of the maturity of the large amounts due to the bank, and asked him then whether it was not his opinion that the bank, after possibly reducing its capital, could not continue to do business with such reduced capital; and he shared fully that opinion of mine?"

Ans. No, sir. I did talk to M'r Aldige once or twice, but not about the capital, or anything that he states in that testimony. I talked to him about the bank in a general way.

Ques. Wherein is that conversation different from the way M'r Aldige relates it?

Ans. I never spoke to him about the reduction of the capital, that I know of, or to what amount it should be reduced.

Ques. What, then, was the conversation?

Ans. I spoke about the general condition of the bank and some losses, and the embarrassed condition that the bank was in.

Ques. Is that all?

Ans. Yes, sir; as far as I recollect.

HENRY BLACHE.

Subscribed and sworn before me December 31st, 1874.

F. A. WOOLFLEY,
Examiner.

(See note after testimony of E. F. Mioton, page 225.)

174 NEW ORLEANS, *March 6th*, 1875.

Present, J. D. Rouse & J. R. Beckwith for complainant.
" Tho's Allen Clarke for the defendants, the Société de Crédit Mobilier.

Testimony resumed.

Henry Blache recalled by M'r Clarke and cross-examined:

Ques. Has M'r Cavaroc any stock in the bank?

Ans. Yes, sir.

Ques. What amount?

Ans. 1,367 shares.

Ques. How long has he held them?

Ans. Three or four years.

Ques. Has the banking association remitted to the Crédit Mobilier anything on account of the million of francs she drew?

Ans. No, sir; not prior to the failure.

(M'r Clarke, for defendants, offers in evidence a statement of the general book-keeper's daily balances as they stood on the first days of April, May, June, July, August, September, and October, respectively, Exhibit B 3.)

Re-examined by M'r Rouse:

Ques. Did these general statements on the first of each month always show the true condition of the bank?

Ans. In two instances that I recollect they did not.

Ques. What was done to make it appear different from the actual condition?

Ans. There were deposits made by M'r Cavaroc of checks drawn on banks where he held no account at all. I recollect one deposit of $50,000, and I believe the other was $100,000. The deposit would go to his individual account as a credit, and the check deposited would go into the cash of the paying-teller as currency.

175 Ques. Is it not a frequent thing among the banks of New Orleans to doctor their statements on the first of the month so as to make a good showing?

(M'r Clarke objects to any custom.)

Ans. I don't know about the other banks, but this bank did.

Ques. Did the item in the account of "individual deposits" show the correct amount due to the individual depositors in these statements?

Ans. No, sir; it shows about $100,000 more than the statement-book shows, on account of the overdrafts.

Ques. Will you explain the item appearing in the statement under the head of "bills receivable." What was that composed of?

Ans. They were notes without endorsers, which could not be discounted by the bank, and had to be classed as "bills receivable." They were generally given in settlement of some other debts.

Ques. In settlement of debts which the parties were unable to pay?

Ans. Yes, sir.

Ques. During the summer of 1873 were the notes which had been discounted at the bank, as a general rule, paid at maturity, or were there a great many renewals?

Ans. The greater part of them were renewals.

Ques. Were the renewals again repeated at the maturity of such notes as a general thing?

Ans. Yes, sir.

Ques. How did they eventually turn out?

Ans. They are still unpaid, a great many of them.

Ques. Could they have been collected, as a general thing, at the time they were renewed?

176 Ans. I believe not.

Ques. Do these statements which have been introduced in evidence show the losses upon exchange?

Ans. No, sir; they do not show the losses at all.

Ques. Do they show the loss of the bank through Mallalieu & Co.?

Ans. No, sir; they do not show any loss at all, either on the portfolio, exchange, or anything else.

Ques. These statements, then, are simply a transcript of the balances on the ledger?

Ans. Yes, sir.

Ques. And where these balances constitute losses, there is nothing in the statement to show that fact?

Ans. No, sir.

Ques. In your testimony as previously given you stated the amount of notes and bills discounted carried upon the books of the bank at the time of the failure, and said that that did not include the bills receivable. Please explain the difference between these two accounts.

Ans. The notes and bills discounted were notes that were regularly passed through the discount-books of the bank and the bills receivable—the entry was made by the general book-keeper—were notes received in settlement of indebtedness to the bank, and not regularly discounted.

By M'r Clarke:

Ques. I suppose you mean that the notes, at the time of discount, went to "notes and bills discounted," and the bills receivable passed through the general book-keeper. There was no double entry made of the same items?

Ans. No, sir.

177 Ques. It was merely a separation of certain classes of paper?

Ans. Yes, sir; bills receivable have nothing but one drawer—that is, without an endorser; and the bank could not carry them to "notes and bills discounted."

Ques. They were received in lieu of paper that had been protested?

Ans. Yes, sir.

Ques. And it is not a double entry?

Ans. No, sir.

Ques. There is the same amount of notes and bills discounted in the portfolio, and these besides?

Ans. Yes, sir.

By M'r Rouse:

Ques. Do all of these statements show the true amount of cash on hand?

Ans. I do not recollect but two instances, as I stated, that they did not represent the true amount of cash.

Ques. Do you remember after that there was a deficit in the cash?

Ans. I knew it at the time of the failure of the bank, but not before.

Ques. You do not know how long it had existed?

Ans. I know it from the paying-teller.

Ques. But you do not know how long it existed?

Ans. No, sir.

By M'r Clarke:

Ques. At what time was that transaction of $100,000 in M'r Cavaroc's check that you refer to?

Ans. I cannot exactly recollect. It was during the summer of 1873.

178 Ques. Can you approximate?
Ans. I cannot say what month it was.
Ques. Was it in the month of June?
Ans. I do not know.
Ques. Was it in the month of July?
Ans. I do not know; his individual account might show it.
Ques. When was that affair settled?
Ans. The next morning.
Ques. You say there was more than one such transaction?
Ans. I recollect twice.
Ques. But you don't recollect the time?
Ans. No, sir; I recollect the bank on which the check was drawn. It was the Louisiana National Bank.
Ques. That check was not collected. Was it handed back to M'r Cavaroc?
Ans. Yes, sir; and destroyed the next morning.
Ques. And his account debited with it?
Ans. Yes, sir; that is, he gave his check against the credit.
Ques. And took up his check?
Ans. Yes, sir.
Ques. That was all that was done. It merely appeared on the books as so much cash?
Ans. It swelled the amount of the cash and the deposits for twenty-four hours.
Ques. It swelled the accounts of both?
Ans. Yes, sir.
Ques. And this was done twice, you say; but you cannot tell the times?
Ans. No, sir.
179 Ques. Was there not a great monetary crisis and panic in New Orleans about September, 1873?
Ans. Yes, sir; after the news of the suspension of Jay Cook & Co.
Ques. And most of the banks of New Orleans suspended?
Ans. Yes, sir; except two or three. With regard to the check deposited by M'r Cavaroc to swell the cash and deposits, I do not know whether it was M'r Cavaroc's check or the check of the New Orleans Insurance Association.

(The complainant in rebuttal offers in evidence a copy of the statement-book, showing the condition of the bank from the 24th of September, 1873, until the close of such statements, marked "Exhibit A 31." And also the notarial act between certain banks of New Orleans, passed on the 25th September, 1873, before Theodore Guyol, notary public, marked "Exhibit A 32," which is objected to by M'r Clarke for the defendants as res inter alios acto.)

Examined by complainant in rebuttal:

Ques. Do you know William F. Halsey?
Ans. Yes, sir.
Ques. He is the agent of Brown Bro's & Co. in New Orleans?
Ans. Yes, sir.
Ques. Did he ever buy the exchange of the New Orleans National Banking Association?
Ans. Yes, sir; he bought it on Europe.
Ques. Were his purchases large or otherwise?
Ans. They were pretty large.

180 Ques. When did he close his account with the bank?
Ans. On the 4th of June, 1873.
Ques. Did he ever make any statement to you as the reason of his ceasing to do business?
(M'r Clarke, for defendants, objects, on the ground that M'r Halsey has not been asked about any statements made by M'r Blache.)
Ans. He told me here, in the office of M'r Cockrem, that he was aware of the weak condition of the bank, and quit buying its exchange.

Cross-examined by M'r Clarke:

Ques. When did he make that statement to you?
Ans. It was in the summer of 1874.
Ques. What time?
Ans. It must have been in May or June, 1874.

HENRY BLACHE.

Subscribed and sworn before me March 6th, 1875.

F. A. WOOLFLEY,
Examiner.

Complainant closed testimony March 6th, 1875.

181 NEW ORLEANS, *Dec. 23d*, 1874.

Present, John D. Rouse & J. R. Beckwith, esq's, for complainant; Tho's Allen Clarke, esq., for defendant, Société de Crédit Mobilier, of Paris.

Testimony resumed:

GUSTAVE LEGARDEUR, J'r, a witness produced, sworn, and examined, deposes and says:

By M'r Rouse:

Ques. What is your occupation?
Ans. Notary public.
Ques. Did you prepare the act of mortgage which was executed by the New Orleans Mutual Insurance Association for the loan of money during the summer of 1873?
Ans. Yes, sir.
Ques. Where is that act?
Ans. That act has been destroyed, because it was made under certain conditions by the parties to the act.
Ques. Have you any copy of it?
Ans. No, sir.
Ques. Do you know whether there is any copy of it in existence?
Ans. No, sir; there is none in existence.
Ques. Was that act ever recorded?
Ans. No, sir.
Ques. State what the particulars of the act were.
Ans. The act was: M'r Cavaroc sent for me one day, and told me to prepare an act of mortgage to secure loans made to the insurance association by the banks of New Orleans. He referred me first to M'r Oglesby, president of the Louisiana National Bank.
Ques. What did he refer you to him for?
Ans. To know in what way the act was to be drawn, and who
182 was to appear to represent the bank, and M'r Oglesby referred me to M'r Kennedy, of the State National Bank. It was first intended——

(M'r Clark, for the defendant, the Société de Crédit Mobelier, objects

to all the above, as because it is res inter alias acto as between the insurance association and other parties.)

Witness resumes:

When I called on M'r Kennedy and saw him at the bank, it was first intended to make the mortgage in favor of M'r Dupuy, cashier of the State National Bank, representing all the parties; but afterwards they determined to make it in the individual name of M'r Dupuy, so that the only parties to the act were M'r Cavaroc, as president of the New Orleans Mutual Insurance Association, and M'r Dupuy.

Ques. Upon what property was the mortgage?

Ans. It was on the property owned by the insurance association on Canal street.

Ques. The same property occupied by the New Orleans National Banking Association?

Ans. Yes, sir; where they both had their office—the New Orleans Mutual Insurance Association and the New Orleans National Banking Association.

Ques. What was the amount secured by the mortgage?

Ans. It was over $100,000, I believe. I don't know.

Ques. Was it not over $300,000?

Ans. I don't remember the amount now.

Ques. How was the amount represented?

Ans. By notes divided into coupons, representing the indebtedness to the respective banks—so many thousands to one bank, and so many to another.

Ques. How many banks received these notes?

Ans. They were all handed to M'r Dupuy. The only banks I
183 know were the Louisiana National Bank and the State National Bank. These were the only banks I heard mentioned before me.

Q. Who authorized you to destroy the act?

Ans. There was a clause in the act itself to cover the parties representing the bank.

Ques. Why was it not recorded?

Ans. Because the notes were paid at maturity.

Ques. Why did you not record the act at the time of its execution?

Ans. Because the parties told me not to do it, because it could be an act until the notes should be paid.

Ques. When was it executed?

Ans. I think it was some time in June, 1873.

Ques. About what time was it destroyed?

Ans. I think in September, 1873.

Ques. Did you see the notes at the time they were paid?

Ans. Yes, sir; they were brought to me, and I destroyed them.

Ques. You don't know whether that was the date of payment or after the date of payment?

Ans. No, sir; I don't know.

Ques. Did you have any written directions in regard to that act, or did you keep any memorandum?

Ans. No, sir. There were no written instructions whatever; only the amounts were given to me.

Ques. Who brought the notes to you after they were paid?

Ans. I think M'r Lanaux brought the notes to my office.

G. LEGARDEUR.

Subscribed and sworn before me December 23d, 1874.

F. A. WOOLFLEY,
Examiner.

184 GEORGE LANAUX, a witness produced, sworn, and examined on behalf of complainant, deposes and says:

By M'r Rouse:

Ques. What is your present occupation?

Ans. Secretary of the insurance company.

Ques. What insurance company?

Ans. The New Orleans Insurance Association.

Ques. How long have you been such?

Ans. I have been secretary since the establishment of the company in 1869.

Ques. Did that insurance company mortgage its building for the purpose of raising money from the banks of New Orleans?

Ans. Yes, sir; the insurance company did mortgage in June or July, 1873.

Ques. What amount of money did it raise upon that mortgage?

Ans. We raised from the several banks of New Orleans $309,000. I don't know what amount the act of mortgage called for, because I never saw it. I know it existed, because there was a resolution passed to that effect.

Ques. From what banks did you receive this money?

Ans. From the State National Bank, the Louisiana National Bank, the Union National Bank, the Germania National Bank, and the Bank of America.

Ques. What did you do with the money?

Ans. The money was deposited in the New Orleans National Banking Association.

Ques. In what manner did you receive it from them?

185 Ans. We received it from them in checks and in exchange. The checks were deposited, and the exchange was negotiated. through other banks or other parties and the proceeds deposited in the bank.

Ques. Were any of the checks drawn on the New Orleans National Banking Association?

Ans. Not to my knowledge.

Ques. Was the insurance association in the habit of drawing foreign bills of exchange?

Ans. Yes, sir.

Ques. Were any such bills negotiated through the New Orleans National Banking Association?

Ans. Many of them.

Ques. About the time of this loan had there been any such bills negotiated?

Ans. That loan took place in the beginning of June. Well, I don't remember exactly.

Ques. Were any such bills drawn by you outstanding which had been negotiated by the New Orleans National Banking Association?

Ans. Yes, sir.

Ques. Was there any appropriation of the funds for the payment of such bills? If so, state what.

Ans. Out of this $309,000 there was $58,000 of exchange bought and remitted to Europe to cover previous drawings of the association, and that exchange was remitted on the 2d June.

Ques. Did you furnish the bank with money to protect any bills drawn by you?

Ans. No, sir; but we refunded to the bank. The New Orleans In-

surance Association refunded to the New Orleans National Banking Association $100,000, equal to the amount of 460,000 francs,
186 which had been previously sold to the New Orleans National Banking Association under a promise that this 460,000 francs would be returned to the New Orleans Insurance Association, duly cancelled.

Ques. When was this money furnished to the New Orleans National Banking Association?

Ans. This money was paid to that bank on the 4th June.

Ques. Were these bills returned to you?

Ans. No, sir.

Ques. Have they been returned to you up to the present day?

Ans. No, sir; not up to the present day.

Ques. Were not the relations between the New Orleans Insurance Association and the banking association very intimate?

(M'r Clarke objects, on the ground that the counsel for complainant must show the character of the relations.)

Ques. What was the character of the dealings between the two associations named?

Ans. The New Orleans Insurance Association was in the habit of selling exchange to the banking association to a considerable extent, and the New Orleans National Banking Association was the bank in which the insurance association deposited its funds.

Ques. Were the dealings large between them?

(M'r Clarke, for defendants, objects.)

Ans. Yes, sir.

Ques. Do you know anything about the condition of the bank during the summer of 1873?

Ans. Not of my personal knowledge.

187 Ques. Do you know what the reputation of the bank was among the commercial community, during the summer of 1873, for solvency?

Ans. It was current on the streets that the banking association was in a weak condition.

Ques. Do you know anything about the meeting of bank presidents which occurred on the first day of June, at the banking-house of the banking association?

(M'r Clarke objects.)

Ans. I have not seen the meeting, nor was I present at it; but I heard there was a meeting.

(M'r Clarke objects to the above as hearsay.)

Ques. From whom did you hear it?

Ans. I think from M'r Cavaroc himself.

Ques. Who was the president of the bank?

Ans. And of the New Orleans Insurance Association.

Ques. Do you know what the meeting was called for?

Ans. No, sir.

Ques. Do you know what took place? Do you know the result of the meeting?

Ans. The result of the meeting was a loan made of $309,000, made by the banks of New Orleans to the New Orleans Insurance Association. I draw that by inference. That loan was made from the first to the fourth of June; the whole amount was not delivered to the insurance association on the same day.

Ques. Was the insurance association at that time under the necessity

of borrowing such a large amount of money on account of its own affairs?

Ans. Its own affairs generally, or its affairs in the insurance line?

Ques. As to the insurance line.

Ans. The whole affair generally, including exchange operations, yes, sir.

188 Ques. Well, as to its affairs connected with its business as an insurance company, was it necessary to effect such a loan?

Ans. No, sir.

Ques. Had not the insurance association a large portfolio?

Ans. Yes, sir.

Ques. Of what was regarded as good paper, and that might have been discounted?

Ans. Well, there was considerable of it good paper, and considerable of depreciated paper, too.

Ques. Did you have paper upon which money could have been easily raised?

Ans. Yes, sir; but subsequently to that $61,000 of that paper passed into the hands of the New Orleans National Banking Association.

Ques. For what purpose?

Ans. For the assumed purpose of being a pledge to secure the reimbursement of 250,000 francs which the New Orleans Insurance Association sold to the New Orleans National Banking Association.

Ques. What other facts do you know in connection with that transaction?

Ans. That the drafts were never returned to the insurance association, and the pledge has always remained in the hands of the bank so far. The insurance association has never received that pledge.

Ques. When was that pledge made?

Ans. That pledge was made, I think, on the 27th of September, 1873.

Ques. Who were the drawers of these bills that you sold?

189 Ans. I was the drawer, as secretary of the New Orleans Insurance Association.

Ques. Which bills do you mean? The bills of exchange?

Ans. I was the drawer for the New Orleans Insurance Association.

Ques. Were they drawn against funds?

Ans. No, sir.

Ques. Drawn upon credit?

Ans. Upon credit.

Ques. Was there any agreement as to who was to protect the bills?

Ans. Not to my knowledge.

Ques. Who directed the bills to be drawn?

Ans. Mr Cavaroc.

Ques. To whose order were they drawn; the bills you are speaking of?

Ans. These 250,000 francs, for which $61,000 security were given, were drawn to the order of Henry Blache, cashier.

Cross-examined by Mr Clarke:

Ques. The money received from this pledge that you speak of passed to the credit of the insurance association in the bank ultimately; this loan of $309,000?

Ans. Yes, sir; that amount passed to the credit of the insurance association.

Ques. You say that the insurance association had no need of these funds. It was raised for the purpose of its paying insurance.

Ans. Yes, sir.

190 Ques. It was for the purpose of paying its obligations?

Ans. Yes, sir; their obligations other than that of insurance.

Ques. It had a large line of exchange which it had to provide for?

Ans. Yes, sir.

Ques. And that loan had been negotiated and the money received by the insurance association, and thereafter invested in various ways, was it not?

Ans. Yes, sir; the money had been received to pay for these bills drawn and used in the general course of business.

Ques. Was not the insurance association overdrawn in the banking association at the time of this loan of $309,000?

Ans. Yes, sir; they were overdrawn $169,000.

Re-examined by M'r Rouse:

Ques. Was that the total debt of the insurance association to the banking association?

Ans. Yes, sir; that was the total debt of the insurance association.

Ques. Was that an actual liability, or did some portion of it come from checks drawn against your account and used by M'r Cavaroc in the bank for the purpose of swelling his account with the clearing-house?

Ans. Well, it was owing to checks drawn on the bank, but not to my knowledge, to assist M'r Cavaroc in passing through the clearing-house.

Ques. You do not know what disposition was made of that very large amount overdrawn?

191 Ans. It was in the ordinary course of the business of the association. It was drawn either as the net proceeds of the discount which we had made, notes which we had discounted and paid the amount over to the parties who had discounted the note into a check or it was paid for the exchange bought to cover exchange operations and to remit exchange to the credit of the agency account; and in one instance, I was going to add, there was a loan of $100,000 made to M'r Cavaroc.

Ques. During that summer?

Ans. During that summer.

By M'r Clarke:

Ques. Was this loan made by the insurance association to M'r Cavaroc?

Yes, sir; which was reimbursed to the insurance association by M'r Cavaroc on the 27th June, 1873.

G. LANAUX.

Subscribed and sworn before me Dec. 23, 1874.

F. A. WOOLFLEY,
Examiner.

192 WILLIAM F. HALSEY, a witness produced, sworn, and examined, deposes and says:

By M'r Rouse:

Ques. What business are you engaged in?

Ans. I am a commission merchant here.

Ques. Were you a purchaser of exchange?

Ans. Yes, sir.

Ques. What banking-house do you represent?

Ans. Brown Brothers & Co., of New York.

Ques. How long have you been their agent and engaged in the purchase of exchange?

Ans. Since 1865.

Ques. Were your purchases of exchange in the aggregate large or small each year?

Ans. Large.

Ques. Extending into millions?

Ans. Yes, sir.

Ques. Did you ever buy any bills drawn by the New Orleans National Banking Association?

Ans. Yes, sir.

Ques. When did you buy bills from them?

Ans. Well, I would have to refer to my record.

Ques. State the years?

Ans. I could not state that distinctly, because for several years I have been buying no bank bills here.

Ques. Did you cease buying the bills of the New Orleans Banking Association through instructions?

Ans. No, sir.

Ques. Or did you cease buying such bills because you would not accept the responsibility of the drawer?

193 Ans. Not specially in regard to that bank. There were other banks which I felt were in no position to do an exchange business, and not wanting to make any special distinction, I did not take their exchange, because it involved the risk of eighty days.

Ques. Was that one of the banks?

Ans. That was one of them.

Ques. When did you come to that conclusion; how long before its failure?

Ans. For more than a year before its failure.

Ques. Were you present in the city during the summer of 1873?

Ans. Up to the 3rd August I was.

Ques. Prior to that time did you know what the reputation of the New Orleans Banking Association was as to being solvent or insolvent?

Ans. I understood from one of the assistant United States bank examiners that he was very agreeably surprised in making an examination of the bank in the spring of 1873, that he found it in very good condition, and I understood that the United States bank examiner officially reported the institution——

Ques. But prior to that time did you know what the reputation of the bank was as to being solvent or insolvent?

Ans. It was considered perfectly solvent.

Ques. You mean that was its general reputation in commercial circles?

Ans. Yes, sir.

Ques. During the month of July, 1873?

Ans. Yes, sir.

Ques. And the month of June?

Ans. Yes, sir.

194 Cross-examined by M'r Clarke:

Ques. Did you have transactions with the banking association?

Ans. I was taking large checks upon them.

Ques. From day to day?

Ans. From day to day.
Ques. Accepting their certification ?
Ans. Accepting their certification and leaving large balances in their hands.
Ques. Did you have a deposit account with them ?
Ans. Yes, sir.
Ques. How late ?
Ans. Well, I am not sure it extended through July.
Ques. Your business slacks off during that month of the year ?
Ans. Yes, sir.
Ques. During the time of your active business you had an account with them and large balances in their hands ?
Ans. Yes, sir.
Ques. And your estimate of them was that they were perfectly solvent ?
Ans. Yes, sir.
Ques. At that time ?
Ans. Yes, sir.
Ques. That was their reputation in the community ?
Ans. Yes, sir.
Ques. And so you learned from the officers of the United States ?
Ans. Yes, sir.
Ques. That it was ?
195 Ans. Yes, sir.
Ques. From the supervisors under the national banking law ?
Ans. Yes, sir.

By Mr Rouse :

Ques. What bank examiner stated to you that it was in such fine condition ?
Ans. It was a young man formerly employed in the Crescent City Bank, and was employed by the bank examiner here. He was aiding the examiner in the case.
Ques. That is the only one that made the statement to you ?
Ans. That is the only one.
Ques. Who stated that it was so in April ?
Ans. My impression was that it was later than that, in May.

W. F. HALSEY.

Subscribed and sworn before me December 23d, 1874.

F. A. WOOLFLEY,
Examiner.

196 AMILCAR FORTIER, a witness produced and sworn for the complainant, deposes and says :

By Mr. Rouse :

Ques. State whether you are president of any bank, and if so, how long.
Ans. I have been president of the Bank of America since 1864 or 1865.
Ques. During the summer of 1873 was there any application made to you, as such president, by the New Orleans National Banking Association, or its officers, for money ?
Ans. Yes, sir ; I think I loaned some.
Ans. Do you remember what amount ?

Ans. Sometimes $50,000, sometimes $25,000; I cannot say the exact amounts.

Ques. Was a list of their notes and bills discounted exhibited to you for the purpose of making a selection?

Ans. No, sir.

Ques. Were the bills and notes submitted to you for inspection?

Ans. No, sir; it was from day to day.

Ques. Did your loans occur frequently?

Ans. No, sir; now and then.

Ques. Did not your bank discount a portion of the portfolio of the New Orleans National Banking Association?

Ans. Yes, sir; in 1873 we discounted some paper of the bank, I believe some $50,000.

Ques. Was there not a list of paper submitted to you for selection, or the paper itself?

197 Ans. No, sir; the paper itself was brought there by Mr. Cavaroc. When I make that remark, I don't know whether it was Mr. Cavaroc or the bank, but it was brought there by Mr. Cavaroc.

Ques. Was there not much more paper submitted and more money requested than that which you accepted?

Ans. No, sir; not to me.

Ques. Either on that occasion, or on some other occasion?

Ans. No, sir; no paper was given to me.

Ques. I ask if there was not some submitted with the request to discount more paper?

Ans. Yes, sir.

Ques. Which you declined?

Ans. Yes, sir.

Ques. What was your reason for declining?

Ans. Because I thought that I made my proportion of it.

Ques. What do you mean by your proportion?

Ans. Because it was demanded from several of us.

Ques. The banking association was asking a discount from a number of banks?

Ans. It was called a discount or a temporary loan.

Ques. Is not that an unusual proceeding for a bank?

Ans. Not unusual when a bank feels pressed.

Ques. Prior to that time had an application been made to you for a discount by any bank?

Ans. No, sir.

Ques. Do you remember any?

Ans. Well, to the City National Bank we loaned over $100,000 when it was Mr Cochran's bank.

Ques. It failed, did it not?

Ans. No, sir; it prevented it from failing.

198 Ques. Unless a bank is in difficulty, does it seek to discount is portfolio among other banks?

Ans. Not to my knowledge.

Ques. Do you know what the reputation of the New Orleans National Banking Association was in bank circles in 1873?

Ans. Well, before it stopped it had a pretty good reputation; its exchange was offered and was sold regularly.

Ques. Do you know what the rumors among banking men were as to its solvency for the three months prior to its suspension?

Ans. It was then very good; three or four months prior.

Ques. I say during the three months prior to its suspension were there not many rumors concerning its solvency ?

Ans. No, sir; not many.

Ques. Were you mostly in the city or mostly across the lake during that time ?

Ans. Mostly in the city; I went over the lake every Saturday night.

Ques. About what time did you make this discount of the notes ?

Ans. I think it was some time in August or September of that year; no, sir, it was in July or August.

Ques. Did you think that the New Orleans Banking Association was in a good solvent condition at the time you made that discount ?

Ans. I thought that they were momentarily embarrassed, or I would not have made the loan.

Ques. Do you think they could have met their liabilities without making the loans you speak of ?

199 Ans. I don't know.

Ques. Was not that discount of paper that you made on the 4th of June 1873, or about that date ?

Ans. I don't know—I have not the memorandum; but I know it was then, or somewhere about that time.

Ques. Did you loan any money on the security of a mortgage made by the New Orleans Mutual Insurance Association ?

Ans. No, sir; not to my knowledge.

Ques. Was there any application made to you for a loan on the mortgage of the insurance association ?

Ans. No, sir.

Ques. Was any mortgage executed in favor of M'r Dupuy of the State National Bank ?

Ans. I do not think I ever made a loan of that kind.

Ques. Was any mortgage executed in his favor at the time that the bank made the loan to the insurance association ?

Ans. I went in among them, I believe, and took a note out and discounted it, but I do not know for the rest.

Ques. Were you present at a meeting of bank presidents held in the rooms of the New Orleans National Banking Association on a Sunday ?

Ans. I think not.

Ques. Or on any other occasion ?

Ans. I was there when M'r Cavaroc made the application to us, with several other bank presidents.

Ques. Who else was present ?

Ans. There were M'r Kennedy, M'r Oglesby, and myself.

Ques. What took place at that meeting ?

Ans. M'r Cavaroc applied for a momentary discount.

200 Ques. What statement did he make as to his condition ?

Ans. He said he was a little pressed, and that if the banks would come to help him for a few days that is all that he required.

Cross-examination by M'r Clarke:

Ques. You speak of a loan to the City Bank: is not that the present Germania Bank ?

Ans. Yes, sir.

Ques. That bank has never failed ?

Ans. No, sir.

Ques. Does it imply because a bank requires a temporary loan that its condition is insolvent ?

Ans. No, sir.

Ques. Is it not frequently the case that banks will get a little out of line from some cause or other that does not involve them; but they may be in want of a loan?

Ans. Yes, sir; perhaps they may have exchange to sell, but they cannot sell it, and they may have to borrow from a bank until the next day.

Ques. You know this to be of frequent occurrence?

Ans. Yes, sir.

Ques. The credit of this institution in 1873 was good?

Ans. I considered it so.

Ques. You bought their checks and exchange?

Ans. Yes, sir.

AM. FORTIER.

Subscribed and sworn before me December 23, 1874.

F. A. WOOLFLEY,
Examiner.

Examination adjourned to Saturday, March 26th, 1874, at 9 o'clock a. m.

201 NEW ORLEANS, *December 26th*, 1874.

Present, J. D. Rouse & J. R. Beckwith, esq's, for complainant.
" Tho's Allen Clarke, for def't, Société de Crédit Mobilier.

PAUL FOURCHY, a witness, produced and sworn, deposes and says:

By M'r Rouse:

Ques. You are president of the Mutual National Bank of New Orleans?

Ans. Yes, sir.

Ques. How long have you been so?

Ans. Three years; since its organization.

Ques. During the summer of 1873 was there any application made to the Mutual National Bank, or to yourself, by the president of the New Orleans National Banking Association, for any loan of money or a discount of paper?

Ans. Yes, sir.

Ques. State the whole transaction.

Ans. M'r Carvaroc called on me, and stated he needed about $400,000, and that he expected the different banks to come to his assistance and furnish that amount to him; among themselves to make up that amount. I was much surprised at this demand, considering the large amount asked, and told M'r Cavaroc I could not act without calling the board of directors together, until I would submit his statement to them, and see what action they would take on it. I called a meeting of the board the next morning, but in the mean time M'r Cavaroc gave me a list of $200,000 in paper—different names. The board met, as called by myself, and took into consideration M'r Cavaroc's demand; and out of the $200,000 for discount $25,000 of the paper was selected and discounted. That is all, as near as I can remember.

202 Ques. About what time was that?

Ans. Early in June, 1873; probably on the second or third,

Ques. Why did you take such a smoll amount of the large amount offered?

and the discount was made on the fourth of June.

Ans. Well, some of the paper was objectionable to the bank.

Ques. Do you know what the reputation of the New Orleans National Banking Association was during the summer of 1873 for solvency.

Ans. Not exactly. I know that there were a great many rumors on the street about M'r Cavaroc being engaged in large cotton operations, but I know of no facts myself. I had no access to the books.

Ques. What were the rumors, so far as they affected the banking association?

Ans. Well, it had that effect. Seeing a bank president engaged in large cotton operations, it might recoil upon the bank, and have some action upon him.

Ques. Were there any rumors about the banking association's being in a good or a bad condition?

Ans. It was understood to be in a little straitened circumstances. I understood from outside parties that M'r Cavaroc had drawn a great deal of exchange and loaned the money to factors to bring their crops to market, and this was the cause of his anxiety. He drew large amounts, and when the maturity was about to come, he did not make his collections in time; that this was the main cause of his embarrassment. That is all I heard.

(M'r Clarke, for defendants, objects to all of the above as hearsay.)

Ques. What effect had the rumors on the National Banking Association?

203 Ans. They affected it.

Ques. What motive actuated you in discounting a portion of its portfolio?

(M'r Clarke, for defendants, objects.)

Ans. Because we thought that if anything happened to this bank, other banks might suffer; it would create a run, and we would be sufferers. It was understood among all the banks that if we could get security to that extent we would go; as long as we could help them without danger to ourselves, we would do it.

Ques. Were other applications made to you for assistance?

Ans. I do not exactly remember.

Cross-examined by M'r Clarke:

Ques. When were these rumors that you speak of?

Ans. About that time; about the time the application for the loan was made.

Ques. The idea was that the bank was under temporary embarrassments?

Ans. Yes, sir.

Ques. Was not the public sentiment afterwards satisfied by the bank, and these rumors dispelled?

Ans. Well, I think after he got the assistance it had that effect for a while. He told me that he had all the assistance that he wanted.

Ques. The bank had good credit in the community?

Ans. Well, it is difficult to say; the check would not be refused, but I could not say that it was exactly in good credit.

Ques. Were they selling exchange?

Ans. Yes, sir; that is, I heard they were. I do not know.

204 Ques. Did you not consider this $25,000 equal to the share of the assistance rendered?

Ans. No, sir; I think our share would be a little more, but the board would not take more than $25,000 out of it. We might have taken $40,000 or $45,000.

Ques. How was the paper that was offered to you?

Ans. Well, it was objectionable; as a matter of prudence we did not like it.

Ques. Some paper you had already of the same name?

Ans. No, sir; very little, if any; we had not the same customers at all.

Ques. Are you president also of the Merchants' Mutual Insurance Company?

Ans. Yes, sir.

P. FOURCHY.

Subscribed and sworn before me December 26, 1874.

F. A. WOOLFLEY,
Examiner.

205 E. H. REYNES, a witness produced and sworn, deposes and says for the complainant:

By M'r Rouse:

Ques. What is your business?

Ans. An exchange broker now.

Ques. What was your business in the summer of 1873?

Ans. A banker and agent of Eugene Kelly & Co., bankers, of New York.

Ques. Do you know what the general reputation of the New Orleans National Banking Association was as to solvency, during the summer of 1873?

Ans. What time in the summer?

Ques. Any time during the summer.

Ans. From the beginning of the summer up to July and August, perhaps, the general impression was that its credit was very good.

Ques. Was that impression changed?

Ans. Yes, sir.

Ques. What was the impression afterwards?

Ans. The impression afterwards was, that the credit of the bank had been impaired from severe losses, which losses I could not point to, as I have not the books.

Ques. These rumors were general, affecting its credit?

Ans. To the best of my knowledge they were. I heard them frequently.

Ques. Do you know anything about the course of its stock in the market?

Ans. No, sir. I was not dealing in the market.

Ques. Were you called upon to render assistance to the banking association in the way of raising funds?

Ans. Early in June I was.

206 Ques. Was there any statement made to you then of its difficulties?

Ans. No, sir.

Ques. What reason was given for its desire to raise funds?

Ans. None at all. They wanted to help their customers during the summer. That is what M'r Cavaroc said to me. He generally did it every summer, and borrowed largely, so as to help the planters removing their crop. I anticipated no idea of it at the time, nor anybody else.

Ques. That was early in the summer.

Ans. Yes, sir.

Ques. And later, you say, that rumors affecting the credit of the banking association were very general?

Ans. Yes, sir.

Cross-examined by M'r Clarke:

Ques. What time did these rumors commence?

Ans. I cannot precisely state the day; late in the summer, the latter part of July or August.

Ques. Prior to the general suspension of the banks in September?

Ans. Yes, sir; but no one thought the banking association would suspend. I will say that. I never heard it expressed, and thought so myself. The rumor was that the bank was embarrassed.

Ques. Was that regarded as a temporary embarrassment?

Ans. Yes, sir. It was generally thought so, and it was so expressed to me by bank presidents.

E. H. REYNES.

Subscribed and sworn before me Dec'r 26th, 1874.

F. A. WOOLFLEY,
Examiner.

207 THOMAS JANNEY, a witness produced and sworn on behalf of complainant, deposes and says:

By M'r Rouse:

Ques. You are a member of the firm of Moore, Janney & Hyams.

Ans. Yes, sir.

Ques. And your business is——

Ans. A brokerage business.

Ques. How long have you been engaged in that business?

Ans. Ten years.

Ques. Do you know what the general reputation of the New Orleans National Banking Association was for solvency in the summer of 1873?

Ans. It was bad.

Ques. When did the rumors affecting its credit first become rife?

Ans. I went away from here to the North in May previous to its failure, and during my absence these rumors first became prominent, so much so that I got a dispatch from my firm stating that the banking association was broken. I got the dispatch in the office of John Macauley & Co.

Ques. Did these rumors continue during the summer of 1873?

Ans. Never ceased until the bank broke. It never recovered.

Ques. When did you return?

Ans. I got here in June.

Ques. What was the course of its stock in the market?

Ans. Decreased all the time; the reason I know is that I had some of Mehle's stock.

208 Did you try and sell any of the stock of the New Orleans National Banking Association during the summer?

Ans. Yes, sir; I tried to sell it immediately, but I could not.

Ques. You could not find purchasers?

Ans. No, sir.

Ques. What was its value?

Ans. The par value was $30.

Ques. Do you know anything about the New Orleans National Banking Association calling on the other banks for assistance during the summer?

Ans. Yes, sir; they called upon them, and the head was the Louisiana National. They said they wanted $300,000 to get them through; they had some trouble in getting it, but at last succeeded in getting it by a mortgage on their property.

Ques. Was that generally known by business men?

Ans. Yes, sir; it was. I can tell you a man that knows all about it; that is Henry C. Miller, of the firm of Lee, Finney & Miller.

Cross examined by M'r Clarke:

Ques. What was the mortgage?

Ans. I don't know the amount.

Ques. By whom was it given?

Ans. By M'r Cavaroc.

Ques. Was it not given by the New Orleans Insurance Association?

Ans. That I don't know.

Ques. Were the rumors affecting the banking association risen out of its entanglements with the insurance association?

209 Ans. The rumors arose from the bad management of M'r Cavaroc, that is, that it was that he was losing money.

Ques. It arose out of the credit of M'r Cavaroc himself?

Ans. Well, it was the bank; for I had business transactions with the bank in the slaughter-house matter—very large ones.

THO'S JANNEY.

Subscribed and sworn before me December 26th, 1874.

F. A. WOOLFLEY,
Examiner.

GUSTAVE BLACHE, a witness produced and sworn on behalf of complainant, deposes and says:

By M'r Rouse:

Ques. What is your occupation?

Ans. A broker.

Ques. A stock-broker?

Ans. Yes, sir.

Ques. During the summer of 1873 did you have any of the stock of the New Orleans National Banking Association for sale?

Ans. Yes, sir; I sold several lots.

Ques. Did you have any difficulty in selling it?

Ans. Well, the stock of that bank, some time before the failure, was pretty hard to sell.

Ques. What was the reputation of the banking association as to its condition?

Ans. Well, the banking association was considered to be in a very weak condition.

Ques. Was there a pressure to sell the stock?

Ans. All holders were willing to sell.

210 Ques. At what price did you effect any sales during that summer?

Ans. As far as I can recollect, I sold some stock at from $19 to $20.

Ques. How long before the failure?

Ans. May be two or three or four months before the failure.

Ques. Was there any sudden decline in the stock from higher prices?

Ans. Well, the stock had been declining for the last four or five months, constantly declining.

Ques. What figures had it been selling at before this decline set in?

Ans. Well, I suppose the figures began to decline from about $30 down.

Ques. During that summer?

Ans. Yes, sir, as far as I can recollect; I could see from my books, but that is my recollection.

Cross-examined by M'r Clarke:

Ques. What was the par value of the stock?

Ans. $30.

Ques. When was the decline?

Ans. The decline must have begun five or six months before the failure of the bank, at least.

Ques. How low did you sell the stock?

Ans. I expect I sold the stock two or three months before the failure, and I sold some at $19 and $20.

G. BLACHE.

Subscribed and sworn before me December 26th, 1874.

F. A WOOLFLEY,
Examiner.

211 F. F. CASE, a witness produced and sworn on behalf of complainant, deposes and says:

Ques. You are receiver of the First National and Crescent City National Banks of New Orleans.

Ans. Yes, sir.

Ques. Prior to being receiver, you were in the employ of the receiver who was your predecessor, for a number of years, were you not?

Ans. Yes, sir.

Ques. During the summer of 1873 do you know what the general reputation of the New Orleans National Banking Association was, as to solvency?

Ans. Well, it was rumored to be in a very bad way.

Cross-examined by M'r Clarke:

Ques. What do you mean by that?

Ans. That it was in an insolvent condition, or about to become so.

F. F. CASE.

Subscribed and sworn before me December 26th, 1874.

F. A. WOOLFLEY,
Examiner.

ALBERT BALDWIN, a witness produced and sworn on behalf of the complainant, deposes and says:

Ques. You are the president of the New Orleans National Bank?

Ans. Yes, sir.

Ques. During the summer of 1873 were you an officer of the Mutual National Bank?

Ans. Yes, sir; vice-president.

212 Ques. Do you know anything about an application being made for assistance to that bank by the president of the New Orleans National Banking Association?

Ans. I know that it came from M'r Cavaroc or the New Orleans National Banking Association, and he had some assistance granted him.

Ques. Do you know anything of the statement of its condition about that time?

Ans. Only from general rumors.

Ques. What was the general rumor as to the condition of that bank, the New Orleans National Banking Association?

Ans. The general rumor was that it was very weak and liable to suspend at any time.

Ques. Do you know what time this application was made?

Ans. I think it was three mônths before they suspended.

Ques. And the rumors prevailed from what time?

Ans. Well, say three months, but I think longer than that.

Cross-examined by M'r Clarke:

Ques. To what were these rumors attributable; what was the occasion?

Ans. Well, the fact of this application was one indication of weakness in two ways—one bank asking assistance from another.

Ques. Is that all?

Ans. The fluctuations of the stock, also, it being so much below par.

Ques. Suppose that they had met losses; did you know anything of them?

213 Ans. Yes, sir; I understand there was one failure in which they lost largely. When a bank is disposed to lend largely and has no good security, it shows that they do not do business regularly.

A. BALDWIN.

Subscribed and sworn before me December 26th, 1874.

F. A. WOOLFLEY,
Examiner.

Examination adjourned to December 29th, at 11 o'clock a. m.

214 NEW ORLEANS, *Dec. 29th*, 1874.

Present: J. D. Rouse & J. R. Beckwith, esq's, for complainant.
" Tho's Allen Clarke, esq., for def't the Société de Crédit Mobilier.

Testimony resumed.

W. R. LYMAN, a witness produced and sworn for the complainant, deposes and says:

By M'r Rouse:

Ques. What business are you engaged in?

Ans. Banking and brokerage.

Ques. How long have you been so engaged?

Ans. Ten years?

Ques. In the city of New Orleans?

Ans. Yes, sir.

Ques. Were you here during the summer of 1873?

Ans. Yes, sir.

Ques. Do you know what the general reputation of the New Orleans National Banking Association was during that summer for solvency?

Ans. Its general reputation was weakness. It varied according to the rumor, one way or another; but the general tenor, if you desire it, was weakness.

Ques. What were the rumors affecting it?

Ans. The first rumor, I think, which seriously affected the stock I remember now was the failure of Cambon and some of the large dealers down town, and the rumors were that it very seriously affected its portfolio; so much so, that at one time it was said that they could not get through.

Ques. When were these rumors most prominent; how long before its failure?

Ans. Well, I am compelled to guide myself by my records as to the stock, the price of the stock.

Ques. What was the course of the stock during the summer of 1873?

215 Ans. By my books I see that, on the 8th March, 1873, the stock sold for $31¼; on the 2d May it sold for $25, and on July 9, at $17¾; and, if I recollect properly, in the latter part of June it sold as low as $16. Of that I am not certain. I have no data to guide me, and I cannot testify accurately; but it was below that on July 9th.

On the 6th August I bought for a party sixty-five shares of the stock at $20. There was a little rumor bettering the stock; that is, it was not so bad as it was represented; that the portfolio was better, etc. The stock under that impulse went up to about $20. But to give you an idea later than that, I bought that stock under order, and the party did not come to me that day or the next, and when I saw him again he told me he gave the order to some one else. In the mean time I bought the stock, and it was thrown back on my hands, and I never could dispose of it afterwards. It now stands on the books of the New Orleans Banking Association in the name of Townsend & Lyman. I might perhaps have, during the month of August, sold it at considerable loss, but after the panic struck us, in September, it was impossible. You could hardly have given it away.

W. R. LYMAN.

Subscribed and sworn before me December 29th, 1874.

F. A. WOOLFLEY,
Examiner.

M. F. BONIS, a witness produced and sworn on behalf of complainant' deposes and says:

By M'r Rouse:

Ques. What is your occupation?

Ans. A broker.

Ques. For how long?

216 Ans. I have been a broker on my own account for two years.

Ques. Engaged in the city of New Orleans?

Ans. Yes, sir; as note, stock, and exchange broker.

Ques. Do you know anything about the reputation of the New Orleans National Banking Association, generally called Cavaroc's bank, for solvency during the summer of 1873?

Ans. Yes, sir; it was going down all the time; it was losing credit.

Ques. Were these rumors general?

Ans. Well, not general.

Ques. Did you sell any of the stock or make any effort to sell it prior to three months before its failure?

Ans. Yes, sir; but the offers were so very low that I could not sell any of it.

Ques. Were the rumors that you speak of general in business circles—among financial men and brokers?

Ans. Well, I was rather friendly with Mr. Cavaroc. I heard several times that the bank was going to fail and for no one to keep their money there, and I was advised several times before that to keep my account from it; but knowing the whole of the directors personally and M'r

Cavaroc, I kept on keeping a small account, but I was advised by several parties not to keep any money there at all.

Ques. You only kept a very small account during that summer?

Ans. That is all; in fact, I do not do a very large business.

Cross-examined by M'r Clarke:

Ques. When did these rumors commence?

217 Ans. I suppose four or five months previous to the failure of the bank. There was talk about the bank being very much embarrassed.

Ques. When were these conversations with your friends suggesting you to withdraw?

Ans. Three or four months, I suppose, previous to the failure of the bank.

Ques. Did you sell any of the stock?

Ans. No, sir; not from that time.

Ques. What was offered for it?

Ans. Well, I had stock for sale for one party in Europe. It cost him $42, and I was trying to sell it for from $25 to $30, and I could not. Then it went down rapidly to $19, and after that it could not be sold at all.

Ques. When was this low point reached?

Ans. Well, I suppose thirty or forty days before the failure of the bank, but before that there was hardly any sale for it and hardly any bid.

M. F. BONIS.

Subscribed and sworn before me December 29th, 1874.

F. A. WOOLFLEY,
Examiner.

NEW ORLEANS, *December* 31, 1874.

Testimony on behalf of complainant resumed.

JULES CASSARD, a witness produced and sworn on behalf of complainants, deposes and says:

By M'r Rouse:

Ques. You are vice-president of the Germania National Bank?

Ans. Yes, sir.

Ques. And have been so for several years?

Ans. Yes, sir.

218 Ques. Were you present at a meeting of bank presidents in the month of June, 1873.

Ans. Yes, sir.

Ques. Held where?

Ans. It was held in the building of the New Orleans National Banking Association, upstairs.

Ques. What day of the week?

Ans. It was Sunday, I think.

Ques. At whose request were they assembled?

Ans. At Mr. Cavaroc's.

Ques. What took place at that meeting?

Ans. We were invited to come there at the solicitation of M'r Cavaroc, to tell us that the insurance company was in difficulty, and that he had some bills that would be returned if money was not sent to Europe to meet them.

Ques. How was this to affect the bank?

Ans. It would have affected the bank seriously.
Ques. Why?
Ans. Because people were under the impression that both concerns were working together.
Ques. Was the banking association the endorser of these bills?
Ans. I did not see any of them, but I think the bank was; I am not positive.
Ques. Was the loan effected?
Ans. Yes, sir.
Ques. To what amount?
Ans. We loaned the insurance company $50,000.
Ques. Your bank did?
Ans. Yes, sir.
Ques. Upon what security?
219 Ans. There was some talk about a mortgage on the building.
Ques. What was your motive in making the loan?
Ans. We wanted to help that institution. We did not like to see the institution go down and affect the bank.
Ques. The motive then was to prevent——
Ans. Any financial disaster.
Ques. Which might affect M'r Cavaroc's bank?
Ans. Well, it might affect the whole community.
Ques. Did he make any statement of the condition of his bank?
Ans. No, sir; there was no occasion.
Ques. Did you make any other loans or discounts to the banking association during the summer?
Ans. Not a dollar with the bank.
Ques. When was that loan of $50,000 repaid, and by whom?
Ans. By the insurance company.
Ques. When?
Ans. I cannot say exactly, maybe two or three months after.

JULES CASSARD.

Subscribed and sworn before me December 31, 1874.

F. A. WOOLFLEY,
Examiner.

Examination adjourned to Thursday, Dec. 31st, at 11 o'clock a. m.

New Orleans, December 31st, 1874.

Present: J. D. Rouse & J. R. Beckwith, esq's, solicitors for compl't.
" Tho's Allen Clarke, esq., sol'r for def't Société de Crédit Mobilier.

Testimony on behalf of complainant resumed.

Jules Cassard, a witness produced and sworn on behalf of complainants, deposes and says:

By M'r Rouse:

Ques. You are vice-president of the Germania National Bank?
Ans. Yes, sir.
Ques. Have you been so for several years?
Ans. Yes, sir.

220 NEW ORLEANS, *December* 31, 1874.

ARMAND WILLOZ, a witness produced and sworn on behalf of the complainant, deposes and says:

By Mr. Rouse:

Ques. Were you employed in the New Orleans National Banking As-

sociation prior to its failure; if so, state how long, and in what capacity?

Ans. From 1869 to 1873.

Ques. Until the bank failed?

Ans. Yes, sir.

Ques. Are you familiar with the losses of the New Orleans National Banking Association?

Ans. Some of them that were passed through my books.

Ques. Have you examined this statement, marked "A 29?"

Ans. No, sir; but I have the statement given to me by Mr. Blache.

Ques. Can you state from the books what the losses of that bank were in the various accounts?

Ans. Yes, sir.

By Mr. Clarke:

Ques. Were these books prepared by you? (Bank books.)

Ans. Yes, sir; they were written up by me.

Ques. When were they written up by you?

Ans. Up to the 23d October.

By Mr. Rouse:

Ques. State the losses upon what is called the "suspense account?"

Ans. I have examined that paper, which I have with the books.

221 The items of loss are, A. F. Jones, $2,955.55; George B. Shute, $29,166.60; O'Brien, $1,429.44; Stonewall Oil Co., $1,000; interest account, $59,988.56; Puig & Co., $5,172.33. That is the debit side of the suspense account. As to making an estimation, I cannot tell what these accounts are worth. The item of Shute, for instance, the last news I had was that he was going to pay this $29,166.60.

Ques. Can you state the losses upon the other accounts, "banks and bankers," in the aggregate, without going into detail?

Ans. Well, according to Mr. Blache, the statement of that is correct, but he makes allowance for whatever is collected since I left the bank.

Ques. You have examined the books and know that Mr. Blache's statement is correct?

Ans. Yes, sir; the total loss is $100,000, from what I know since I left the bank.

Ques. What is the amount of the loss?

Ans. $149,000.

Ques. And bills receivable?

Ans. I don't know what has been collected on that account.

Ques. What is the loss of the bank with Seignouret Frères?

Ans. About, I think, 250,000 francs.

Ques. How many dollars?

Ans. It would be about $50,000.

Ques. What loss do you estimate in the old portfolio?

Ans. I don't think it worth anything.

Ques. What was it carried at on the books?

Ans. $68,060. That is what is called the old portfolio. From what I know it is utterly worthless, because we never collected anything on it.

222 Ques. That is the portfolio of the banking association when it was a State bank?

Ans. Yes, sir.

Ques. And carried on the books of the association as the old portfolio?

Ans. Yes, sir; it was reduced.

Ques. What was the loss on the new portfolio?

Ans. That I cannot say. I know nothing about it. I never had the management of it.

Ques. If a detail was given to you of the protested paper in the new portfolio, could you give an opinion as to the value of that paper?

Ans. Well, I don't know much about the standing of the parties now.

Cross-examined by M'r Clarke:

Ques. Your statement was made on the 24th October, the date this other was made, A 29?

Ans. Yes, sir; the 23d October. Then I gave a copy of it generally to the bank.

Ques. Can you give me a copy of the statements made on the 31st May, 30th June, 31st July, 31st August, and 30th September?

Ans. They are all there in the books.

(Mr. Clarke, for defendant, offers in evidence all of the bank statements of the banking association, as they were made out on the last day of each month during the year 1873, in connection with the cross-examination of this witness—copies to be made from the books—and—

Mr. Beckwith, for the complainant, objects to their introduction now, on the ground that it is improper, not cross-examination of the witness, and not a legitimate matter at this point.)

Statements marked "Exhibit B 2."

223 Ques. You were the general book-keeper, and made up the statements from day to day?

Ans. Yes, sir.

Ques. And their books contain the general statements?

Ans. Yes, sir.

Ques. How far back do the books date?

Ans. To the 23d October.

Ques. From what time?

Ans. These books—although there are several other books—date from the 1st September, 1873.

Ques. There is another one anterior to that?

Ans. Yes, sir.

Ques. I do not want every date, but I want the general statements of the bank?

Ans. Yes, sir.

Ques. Did you make any statement of the losses anterior to the time you speak of, the 23d October?

Ans. No, sir.

Re-examined by M'r Rouse:

Ques. Was not some of the loss appearing in accounts other than that of "banks and bankers" several months prior to its being charged in that account?

Ans. Yes, sir; an item of $2,500.

Ques. Are there not other items which eventually were charged to that account?

Ans. No, sir; they were all separate from the date they were passed from the "suspense account." There are different items which existed before my time: that one of M'r Jones was.

Ques. Take, for instance, the case of W'm Mallalieu & Co.; when did that loss first occur?

Ans. I would have to refer to the books to see the date of it.

224 Ques. Give a general idea of it; was it not orignally charged to the account of Seignouret Frères, and afterwards transferred to the account of "banks and bankers?"

Ans. I do not remember. They were remitted to the parties and they were returned protested.

Ques. And it was only after they were returned protested that they were put to the account of "banks and bankers?"

Ans. Yes, sir; that is the only time we had all the papers.

A. WILLOZ.

Subscribed and sworn before me December 31, 1874.

F. A. WOOLFLEY,
Examiner.

EUGENE F. MIOTON, a witness produced and sworn on behalf of the complainant, deposes and says:

By Mr. Rouse:

Ques. Were you a director of the New Orleans National Banking Association?

Ans. I was.

Ques. For how long?

Ans. From the moment that M'r Cavaroc took the bank up to its failure.

Ques. That was a period of several years?

Ans. Yes, sir; it was when the bank was on the corner of S't Charles street.

Ques. Who had the management of its affairs?

Ans. M'r Cavaroc.

Ques. Did the board of directors surrender almost its entire management to him?

Ans. Not entire, but almost entire.

225 Ques. Did he keep you advised of all its losses and calamities?

Ans. No, sir; not to me.

Ques. Or to the board of directors when you were present?

Ans. No, sir.

Ques. What knowledge had the board of his management?

Ans. I do not know what knowledge the board had; but for myself, three days before the failure of the bank I never knew that the bank was in such a position.

Ques. Were you ever on a committee to examine its condition?

Ans. No, sir.

Ques. Did you know of the existence of the overdraft of P. S. Wiltz & Co.?

Ans. No, sir.

Ques. One of the directors, he was?

Ans. No, sir; I did not.

Ques. Or the overdraft of A. A. Mouton, another director?

Ans. I did not know the amount. I knew he was overdrawn, but I did not know the amount.

Ques. Was the paper offered for discount submitted to the board of directors before being discounted?

Ans. Some was and some was not.

Ques. What was the general rule?

Ans. M'r Cavaroc had the power to discount notes before putting them before the board.

Ques. Was that his custom?
Ans. Yes, sir.

E. F. MIOTON.

Subscribed and sworn before me December 31st, 1874.

F. A. WOOLFLEY,
Examiner.

(Solicitors for complainant here rest their testimony, reserving to themselves the right to introduce such testimony as may be necessary to explain the bank statements called for on the cross-examination of the witness Armand Willoz. See page 167 Blache's testimony returned.

226 *Complainant's exhibits.*

EXHIBIT A 1.

United States circuit court, district of Louisiana.

JOHN COCKREM, RECEIVER OF THE NEW ORleans National Banking Association,
vs.
CAVAROC ET AL.
} No. 7064. In equity.

This day personally appeared before me, the undersigned authority, Charles DeArmas, who, being by me first duly sworn, did depose and say that for several years prior to the failure of the New Orleans National Banking Association he was note-clerk therein, and had charge of the portfolio, consisting of notes and bills discounted, the property of said association.

That on the 19th day of August, 1873, he made a list of notes belonging to said association, amounting to the sum and value of $220,021.43, which notes were said to be a security for the Crédit Mobilier of Paris, on account of exchange drawn by said association against said defendant to the amount of one million francs the 12th day of July previously. That he has this day compared the lists of notes filed in this suit, annexed to said defendant's answer as Exhibit B, with the original letter-press copy of the list made by him on the 19th day of August, 1873, and which is in his own handwriting,
227 and that the same is identical, except in date; that by direction of the defendant, Charles Cavaroc, senior, president, or by that of the cashier, he was directed to make another copy and date the same the 12th day of July, 1873, which he did.

Witness further deposed and said that said notes remained in the bank, and that no entry was made on the books of the bank showing any disposition of them, except a pencil memorandum in his tickler for his own guidance, and thereafter such as matured and were paid were collected by the bank and the account of "notes and bills discounted" were credited therewith, and the money received from such collections went into the general cash of the bank.

Deponent further said he has examined the books of the bank containing entries made by himself, and that the note made by P. S. Wiltz & Co. for $5,000, which matured the 6th day of December, 1873, and is mentioned in the list annexed to defendant's answer as Exhibit C, in this case, was discounted by said association the 4th day of October,

1873. That he made a list of notes and bills for account of the defendant, the Société de Crédit Mobilier, the day the bank failed, which list was made by the direction of M'r Cavaroc, the president of the bank, and that notes mentioned in said list were at that time in the bank.

CH'S DE ARMAS.

Sworn to and subscribed before me this 21st February, 1874.

F. B. VINOT,
U. S. Commissioner.

228 EXHIBIT A2.

List of notes held in trust by C. Cavaroc & Son to secure joint operation of one million francs between the Crédit Mobilier of Paris and the New Orleans National Banking Association.

A. Dupaquier	Nov.	10,	'73	$30,800 00
A. Sarran	"	10,	'73	1,000 00
Aiken & Watts	"	4,	'73	500 00
B. H. Lemann & Co	Oct.	23,	'73	751 70
P. S. Wiltz & Co	"	20,	'73	5,000 00
Dupré, Reine & Co	"	20,	'73	2,000 00
W'm Morrison & Co	"	19,	'73	7,500 00
I. Bloom & Co	Oct.	19,	'73	$2,834 65
Eug. Potet	"	19,	'73	900 00
R. Villarubia	"	16,	'73	3,000 00
A. Poincy	"	14,	'73	8,500 00
Fairbanks & Gilman	"	13,	'73	9,750 00
Fred. Camerden	"	13,	'73	1,364 56
Wolf & Marks	"	11,	'73	2,500 00
P. S. Wiltz & Co	"	9,	'73	5,000 00
I. Bloom & Co	"	9,	'73	3,108 50
Jno. B. Vinet	"	8,	'73	1,000 00
Dupré, Reine & Co	"	8,	'73	2,500 00
Felix Alexandre	Jan'y	13,	'74	1,000 00
A. Cavalier	Dec.	13,	'73	800 00
John Chapman	"	18,	'73	1,500 00
M. C. Randall	Oct.	7,	'73	4,500 00
C. Hodges	"	6,	'73	2,488 00
E. K. Perry	"	6,	'73	2,500 00
F. B. Fleitas	"	6,	'73	3,000 00
229 R. A. Chiapella	Oct.	6,	'73	$1,825 00
P. S. Wiltz & Co	"	6,	'73	12,000 00
P. Delahoussaye	Jan'y	4,	'74	1,734 73
Alfred Condran	"	4,	'74	1,041 67
Diodat Stelly	"	4,	'74	3,015 56
" "	"	4,	'74	3,015 56
P. S. Wiltz	Oct.	4.	'73	5,000 00
J. Loreau & Fils	Jan'y	4,	'74	2,171 48
" " "	"	4,	'74	2,171 48
J. Lastrapes	Sept.	30,	'73	7,000 00
C. Hodges	Oct.	3,	'73	2,488 80
Flash, Lewis & Co	"	3,	'73	570 55
F. Brion	Sept.	29,	'73	810 00
Allen, Poole & Co	"	23,	'73	8,000 00
E. H. Leman & Co	"	23,	'73	751 00

	E. Marquez	Sept.	22, '73	5,000 00
	Marx Weill	"	22, '73	1,425 50
	Woods, Matthews & Co	"	22, '73	3,261 73
	P. Boissonneau	"	22, '73	1,200 00
	E. F. Mioton	"	20, '73	2,394 78
	Ed. S. Wurzburger	"	20, '73	2,800 00
	W'm Morrison	"	20, '73	1,002 00
	Allen, Poole & Co	"	20, '78	10,000 00
	F. A. Gonzales	"	20, '73	895 00
	P. S. Wiltz & Co	"	20, '73	5,000 00
	Rivers, Lonsdale & Co	"	19, '73	1,500 00
	G. W. England	"	19, '73	1,200 00
	Meyer Weill	"	19, '73	1,500 00
	Jno. Rocchi	"	19, '73	3,000 00
	M. Mann	Oct.	23, '73	2,000 00
	H. F. Given & Co	Sept.	18, '73	11,313 68
	A. A. Lobsdale	Jan'y	7, '74	5,000 00
230	Lehman, Goudcheaux & Co	Sept.	18, '73	$2,635 50
	P. Pons	"	18, '73	1,500 00
	De Blanc & Beer	"	16, '73	2,000 00
				220,021 43

New Orleans, ~~Dec. 12th, 1873.~~

HENRY BLACHE,
Cashier.

EXHIBIT A3.

List of notes securing loan of one million francs for account "Société de Crédit Mobilier."

Discounted.					
Aug.	9.	A. Dupaquier	Nov.	10, '73	$30,800 00
"	9.	A. Sarran	"	10, '73	1,000 00
"	6.	Aiken & Watts	"	4, '73	500 00
Aug.	15.	B. H. Lemann & Co	Oct.	23, '73	751 70
"	15.	P. S. Wiltz & Co	"	20, '73	5,000 00
"	18.	Dupré, Reine & Co	"	20, '73	2,000 00
July	19.	W'm Morrison & Co	"	19, '73	7,500 00
Aug.	18.	I. Bloom & Co	"	19, '73	2,834 65
"	16.	Eugene Potet	"	19, '73	900 00
"	16.	R. Villarubia	"	16, '73	3,000 00
"	16.	A. Poincy	"	14, '73	8,500 00
"	16.	Fairbanks & Gilman	"	13, '73	9,750 00
Aug.	16.	Fred. Camerden	"	13, '73	1,364 56
"	2.	Wolf & Marks	"	11, '73	2,500 00
"	2.	P. S. Wiltz & Co	"	9, '73	5,000 00
"	8.	I. Bloom & Co	"	9, '73	3,108 50
"	8.	John B. Vinet	"	8, '73	1,000 00
"	6.	Dupré, Reine & Co	"	8, '73	2,500 00
"	6.	Felix Alexandre	Jan.	13, '74	1,000 00
"	6.	A. Cavalier	Dec.	13, '73	800 00
	"	6. John Chapman	"	18, '73	1,500 00
231	Aug.	6. M. C. Randall	Oct.	7, '73	$4,500 00
	"	5. C. Hodges	"	6, '73	2,488 00
"	4.	E. K. Perry	"	6, '73	2,500 00
"	4.	F. B. Fleitas	"	6, '73	3,000 00

Aug. 8.	R. A. Chiapella	Oct.	6, '73..	1,825	00
" 8.	P. S. Wiltz & Co	"	6, '73..	12,000	00
" 8.	P. Delahoussaye	Jan.	4, '74..	1,734	73
" 8.	Alfred Condran	"	4, '74..	1,041	67
" 8.	Diodat Stelly	"	4, '74..	3,015	56
" 8.	Diodat Stelly	"	4, '74..	3,015	56
" 8.	P. S. Wiltz	Oct.	4, '73..	5,000	00
" 8.	J. Loreau et fils	Jan.	4, '74..	2,171	48
" 8.	J. Loreau et fils	"	4, '74..	2,171	48
" 8.	J. Lastrapes	Sept.	30, '73..	7,000	00
Aug. 1.	C. Hodges	Oct.	3, '73..	2,488	80
" 9.	Flash, Lewis & Co	"	3, '73..	570	55
July 29.	F. Brion	Sept.	29, '73..	810	00
" 29.	Allen, Poole & Co	"	23, '73..	8,000	00
" 26.	E. H. Leman & Co	"	23, '73..	751	00
" 21.	E. Marquez	"	22, '73..	5,000	00
" 22.	Marx Weill	"	22, '73..	1,425	50
" 29.	Woods, Matthews & Co	"	22, '73..	3,261	73
" 31.	P. Boissonneau	"	22, '73..	1,200	00
" 31.	E. F. Mioton	"	20, '73..	2,394	78
" 19.	Ed. S. Wurzburger	"	20, '73..	2,800	00
" 22.	W'm Morrison	"	20, '73..	1,002	00
" 22.	Allen, Poole & Co	"	20, '73..	10,000	00
Aug. 13.	F. A. Gonzales	"	20, '73..	895	00
" 13.	P. S. Wiltz	"	20, '73..	5,000	00
July 18.	Rivers, Lonsdale & Co	"	19, '73..	1,500	00
" 18.	G. W. England	"	19, '73..	1,200	00
" 21.	Meyer Weill	"	19, '73..	1,500	00
232 Aug. 16.	John Rocchi	Sept.	19, '73..	$3,000	00
" 16.	M. Mann	Oct.	23, '73..	2,000	00
Aug. 16.	H. F. Given & Co	Sept.	18, '73..	11,313	68
" 16.	A. A. Lobsdale	Jan.	18, '74..	5,000	00
July 16.	Lehman, Goodchaux & Co	Sept.	18, '73..	2,635	50
Aug. 7.	P. Pons	"	18, '73..	1,500	00
July 29.	De Blanc & Beer	"	16, '73..	2,000	00
				$220,021	43

E. & O. E.
New Orleans, August 19th, 1873.
(Signed)

DE A
N. C.

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EXHIBIT A 4.

N. O. NAT. BANKING ASSOCIATION,
New Orleans, June 5, 1873.

REGULAR MEETING.

Present, Mess'rs C. Cavaroc, president; E. F. Mioton, A. Tertrou, L. Haas, j'r, C. De Ruyter, John Rocchi.

Minutes of last meeting read and approved.

Daily balances, discounts made, and exchange purchased, read and approved.

And the board adjourned.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, June 12, 1873.

REGULAR MEETING.

Present, Mess'rs C. Cavaroc, president; E. F. Mioton, A. Tertrou, J. Aldigé, John Rocchi.

Minutes of last meeting read and approved.

Daily balances, discounts made, and exchange purchased, read and approved.

And the board adjourned.

(Signed) C. CAVAROC, *President.*
HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, June 19, 1873.

REGULAR MEETING.

Present, Mess'rs C. Cavaroc, president; E. F. Mioton, J. Aldigé, A. Tertrou.

No quorum.

(Signed) C. CAVAROC, *President.*
HENRY BLACHE, *Cashier.*

234 N. O. NAT. BANKING ASSOCIATION,
New Orleans, June 26, 1873.

REGULAR MEETING.

Present, Mess'rs C. Caveroc, president; Charles De Ruyter, A. A. Mouton, P. S. Wiltz, A. Tertrou, John Rocchi, J. Aldigé.

On motion, the following resolution was unanimously adopted:

That the president be, and is hereby, authorized to sell the property owned jointly with the Mechanics and Traders' Bank of this city, which said property, consisting of a certain square of ground in the third district of New Orleans, and designated as square No. 20, bounded by Broad, White, Onzaga, and Lapeyrouse streets, was acquired September 23, 1871, at sheriff's sale in the case of the Bank of New Orleans vs. G. G. Gordin.

There being no other business, the board adjourned.

(Signed) C. CAVAROC, *President.*
HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, July 10, 1873.

REGULAR MEETING.

Present, Mess'rs C. Cavaroc, president; J. Aldigé, A. Tertrou, Charles De Ruyter, and John Rocchi.

Minutes of last meeting read and approved.

The president having stated the necessity of reducing the expenses of the bank, on motion, it was

Resolved, That from and after the 1st of August proximo the salaries of officers of the bank will be as follows:

President	$7,200	Ind'v'l book-keepers	$2,000
Cashier	3,500	Note and dis't clerk	2,000

235	Paying teller.....	3,000	General assistant		1,500
	General book-keeper.	3,000	Runner		1,500
Receiv'g tellers, (each).....		2,000	Second assistant.....		1,200
Ass. ex. cl'k & porter.....		1,500	Watchman		1,200

Making a reduction of $8,200 per annum.

There being no other business, the board adjourned.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, July 17, 1873.

REGULAR MEETING.

Present, C. Cavaroc, president; A. Tertrou, C. De Ruyter. No quorum.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, July 24, 1873.

REGULAR MEETING.

Present, C. Cavaroc, president; C. De Ruyter, John Rocchi. No quorum.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, July 31, 1873.

REGULAR MEETING.

Present, C. Cavaroc, pres't; J. Aldigé, A. Tertrou. No quorum.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

236 N. O. NAT. BANKING ASSOCIATION,
New Orleans, August 7, 1873.

REGULAR MEETING.

Present, C. Cavaroc, president; A. Tertrou, John Rocchi. No quorum.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, August 14, 1873.

REGULAR MEETING.

Present, C. Cavaroc, president; A. Tertrou, J. Aldigé. No quorum.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, August 21, 1873.

REGULAR MEETING.

Present, C. Cavaroc, president; A. Tertrou.
No quorum.
(Signed) C. CAVAROC, *President.*
HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, August 28, 1873.

REGULAR MEETING.

Present, C. Cavaroc, president; J. Aldigé.
No quorum.
(Signed) C. CAVAROC, *President.*
HENRY BLACHE, *Cashier.*

237 N. O. NAT. BANKING ASSOCIATION,
New Orleans, September 4, 1873.

REGULAR MEETING.

Present, C. Cavaroc, president; A. Tertrou.
No quorum.
(Signed) C. CAVAROC, *President.*
HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, September 11, 1873.

REGULAR MEETING.

Present, C. Cavaroc, John Rocchi, A. Tertrou.
No quorum.
(Signed) C. CAVAROC, *President.*
HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, September 19, 1873.

REGULAR MEETING.

Present, C. Cavaroc, president; John Rocchi, J. Aldigé, A. Tertrou, L. Haas, j'r, A. A. Mouton.

Reading of minutes of last meeting dispensed with. Daily balances, discounts made, and exchange purchased, read and approved.

On motion of M'r Tertrou, seconded by M'r Rocchi, it was unanimously

Resolved, That the board, appreciating the valuable services of C. Cavaroc, j'r, in behalf of the bank in New York and Europe during his recent voyage, hereby express their gratitude, and move that a committee of three be appointed to offer to C. Cavaroc, j'r, the thanks of this institution.

238 Mess'rs Tertrou, Aldigé, and Rocchi were appointed on that committee.

On motion of M'r Aldigé, it is further

Resolved, That a sum of five hundred dollars be offered to M'r C. Cavaroc, j'r, not as a compensation for his services, but merely to defray the expenses that were actually incurred by him.

The president having stated that the bank had obtained, through the combined influence of M'r. LeMarchand and C. Cavaroc, j'r, a loan of one million francs from the Crédit Mobilier of Paris, and that he considered a commission due to the former, the board authorized him to allow to M'r LeMarchand what he deemed proper in the case.

There being no other business the board then adjourned.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, September 20, 1873.

CALLED MEETING.

Present, C. Cavaroc, president; A. Tertrou, J. Aldigé, John Rocchi, A. A. Mouton, P. S. Wiltz, L. Haas, j'r.

The president stated that the object of the meeting was to inform the board of the unpleasant state of affairs in general, and particularly of the panic actually prevailing in New York. The suspension of Jay Cooke & Co., which was already announced, and which, no doubt, would be followed by many others, would surely tend to increase the present uneasiness, and render our money market still more stringent.

239 He would, therefore, ask the board to suggest or adopt such measures as, in their judgment, they would think expedient to avert the impending crisis.

Whereupon, it was unanimously

Resolved, That all precautionary measures to be taken be left entirely to the discretion of the president, the board having ratified all that might be done by him.

It was further

Resolved, That in view of securing the president against any eventual loss of the 7 per cent. city of New Orleans bonds belonging to the firm of C. Cavaroc & Son, and actually pledged to Mess'rs F. Schuchardt & Sons, agents of the bank at New York, as collateral security for the payment of all foreign exchange bills entrusted to their care for negotiation and by them endorsed, that he be, and is hereby, authorized to select, as guarantee, from the portfolio of the bank such papers as he may think proper to the extent of one hundred thousand dollars.

On motion, it is further

Resolved, That the board hereby tender their thanks to the president for the aid he is individually lending by leaving undisturbed a large cash balance of eighty thousand dollars, actually standing to the credit of C. Cavaroc & Son on the books of the bank.

And the board adjourned.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

240 N. O. NAT. BANKING ASSOCIATION,
New Orleans, Sept. 25, 1873.

REGULAR MEETING.

Present, C. Cavaroc, president; J. Aldige, L. Haas, j'r.

No quorum.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION.
New Orleans, Oct. 1, 1873.

SPECIAL MEETING.

Present, C. Cavaroc, president; J. Aldigé, A. Tertron, John Rocchi, A. A. Mouton, E. F. Mioton.

The president reported to the board that the balance due by this association at the clearing-house this morning was $37,169.11, which it was necessary to make good and provide for; that the firm of C. Cavaroc & Son, for the purpose of aiding and relieving the association, offered to furnish it with certain available securities, and with the requisite cash, provided they should be indemnified by the transfer of like securities of the association not now available on this market; that the said firm, upon their offer being accepted by the president, at once placed at the disposition of the association the following assets, to wit:

(30) Thirty bonds of $1,000 each, city 7 per cent. gold-bearing interest at $62, worth	$18,600
(2) Two bonds of $1,000 each, and (1) one bond of $500, of the N. O. Live Stock Landing & Slaughter-House Co., at $75, worth	1,875
One bill of exchange on F. Schuchardt & Sons, New York	10,000
Total value	$30,475

241 Which they agreed to sell to the association for the above price of valuation, payable in bonds belonging to the association, now in Bordeaux, France, or in transit theretrom.

The president having accepted the offer so made, took possession of the said bonds and exchange, purchasing the same at the valuation above stated, and at once deposited the same with the clearing-house, to make good therein the balance against the association. The president having agreed to sell and transfer to the said firm of C. Cavaroc & Son, in payment of the above, 42 old consolidated city 6 per cent. bonds of $1,000 each, worth this day on the market 72½ each, say the sum of $30,459, which said bonds were lately deposited with Seignouret Frères, of Bordeaux, and are now either in their hands or in transit to this place, being bonds of Series A, with coupons of January and July, numbered 3337–3341, 5086, 5159, 5168–5177, 5194–5203, 5224–5230, 5247, 5251–5255, 5257, 5258, did close the sale of these bonds to C. Cavaroc & Son on these terms, and promised to make a conveyance of the same in due form to the said firm of C. Cavaroc & Son, subject to the ratification of the board. Whereupon the board, taking into consideration the above report of the president, is was

Resolved, That the action of the president in obtaining and purchasing from the firm of C. Cavaroc & Son the city and slaughter house bonds and the exchange stated, and in selling to the said firm for the price thereof forty-two bonds numbered as above, now in transit as above specified, be, and the same is hereby, ratified and confirmed; and that the president and cashier be, and they are hereby, authorized and empowered to make out to the said C. Cavaroc & Son all proper and

242 necessary transfers and conveyances of the said bonds to them sold as aforesaid, in full ownership, and to put them in immediate possession of the same.

And the board, considering the present stringency in the money market, and the possible recurrence of the balance of exchanges at the clearing-house being against this association, it was

Resolved, That the president be, and is hereby, authorized and empowered, in order to cover and settle any such balance or balances, to purchase, from time to time, from the said firm of C. Cavaroc & Son, or from any other firm who shall offer the same, such available securities as shall or may be necessary for the purpose, at the market price thereof, and to sell, deliver, and transfer to the vendors thereof so many of the old consolidated city 6 per cent. bonds belonging to this association, now in the hands of Seignouret Frères, of Bordeaux, or in transit, at the market value thereof, in payment of the same, and to make to said parties all necessary conveyances therefor.

(Signed) C. CAVAROC, *President.*
HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, October 2, 1873.

REGULAR MEETING.

Present, C. Cavaroc, president; J. Aldigé.
No quorum.

(Signed) C. CAVAROC, *President.*
HENRY BLACHE, *Cashier.*

243 N. O. NAT. BANKING ASSOCIATION,
New Orleans, October 2, 1873.

SPECIAL MEETING.

Present, C. Cavaroc, president; J. Aldigé, A. Tertrou, Jno. Rochi, A. A. Mouton, E. F. Mioton.

The president stated that, in virtue of the resolution adopted at the meeting of the 1st inst., he had provided for part payment of the clearing-house balance against the bank in this morning's exchanges by procuring securities to the extent of $20,000, belonging to C. Cavaroc & Son, against an equal amount of clearing-house certificates.

Whereupon it was resolved that the board hereby ratifies and confirms the sale to C. Cavaroc & Son of 28 city of New Orleans old consolidated bonds, numbered 5634–5661, at the stipulated price of 72½, equal to $20,300, giving to the president and cashier full power to convey said bonds in due form to the said C. Cavaroc & Son in payment of the above securities; for the difference against them the said C. Cavaroc & Son giving their check for $300.

There being no other business, the board adjourned.

(Signed) C. CAVAROC, *President.*
HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, October 3, 1873.

SPECIAL MEETING.

Present, C. Cavaroc, president; J. Aldigé, A. Tertrou, John Rocchi, A. A. Mouton, E. F. Mioton.

The president having reported that, in virtue of the resolution adopted at the meeting of the 1st inst., he had provided for a portion of the
244 clearing-house balance against the bank on the 1st inst. by procuring from the New Orleans Mutual Insurance Association the following assets, viz:

10 bonds ($1,000 each) Mechanics' and Agricultural Fair Association, $50, worth	$5,000
11 bonds ($1,000 each) Live Stock and Slaughter-House Co., $74, worth 7 bonds ($500 each) Live Stock, Landing and Slaughter-House Co., $75, worth	10,875
Altogether	$15,875

And that, in virtue of the same resolution, he had further provided for part payment of the clearing-house balance against the bank in the exchanges of this morning by procuring from Mess'rs C. Cavaroc & Son the following assets, charged to bills receivable on the books of the bank, viz:

Gold note of	Webster & Co., due 10–13 Nov	$1,521 35
" "	Jno. I. Adams & Co., due 8–11 Nov	2,250 00
" "	Flash, Lewis & Co., due 25–28 Nov	5,738 83
		$9,510 18
Taken by clearing-house, at 10¾ premium		974 79
Eqnal to		$10,484 97

It is resolved, That the board hereby ratifies and confirms, in payment of the above-described securities, the sale to the New Orleans Mutual Insurance Association of 22 of the old consolidated city of New Orleans 6-per-cent. bonds, of the value of $1,000 each, series A, coupons of January and July, actually in the hands of Seignouret Frères,
245 of Bordeaux, or in transit to this place, numbered 5662–5680, 5360, 5392, 5538, at the stipulated price of 72½, equal to $15,950, leaving a difference of $75 settled by check of the insurance association, and to the said firm of C. Cavaroc & Son (15) fifteen of the old consolidated city of New Orleans 6 per-cent. bonds, of the value of $1,000 each, series A, coupons of January and July, numbered 5524–5544, 5815, 5869, 5877–79, 1711–1713, 840, 1911, 4568, 4769, at the stipulated price of 72½, equal to $10,875, leaving a difference of $390.03 settled by check of C. Cavaroc & Son.

It is further resolved, That the president and cashier be, and are hereby, authorized and empowered to convey in due form to the said New Orleans Mutual Insurance Association and to the said C. Cavaroc & Son the above-described bonds, in full ownership from this day.

And the board adjourned.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, October 4, 1873.

SPECIAL MEETING.

Present, C. Cavaroc, president; Jno. Rocchi, J. Aldigé, E. F. Mioton, A. Tertrou, A. A. Mouton.

On motion, it is

Resolved, That in view of the condition of the affairs of this association and of its eventual immediate suspension, a committee of two members of this board, to whom shall be adjoined the cashier, be appointed for the purpose of repairing to Washington and conferring with

246 the Comptroller of the Currency, and making with him such arrangements as shall be necessary, in order to place the receivership and liquidation of this association in the hands of the board of directors and of its stockholders; and that said committee shall have full power to take such steps, and to make any other and further arrangements with the Comptroller of the Currency, as they shall deem advisable, in the interest of this association.

Resolved further, That Mess'rs Eugene F. Mioton and Jules Aldigé, of this board, be appointed members of this committee.

And the board adjourned.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

247 EXHIBIT A 5.

Statement of sundry items figuring as resources of the bank, showing the losses thereon.

	Accounts.	Value.	Loss.
Suspense account	$109,000	$30,000	$79,000
Banks and bankers	209,000	60,000	149,000
Bills receivable	93,000	78,000	15,000
Notes and bills discounted—old portfolio—worthless			68,000
Notes and bills discounted—new portfolio—worthless			200,000
Loss on exchange-account, Seignouret Frères			50,000
			$561,000
Loss in depreciation of stocks, bonds, and real estate			70,000
			$631,000
Capital of bank			$600,000
Mallalieu			$100,000
Honold			8,000
Minor			11,000
Sager Joynson and others			30,000
			$149,000

$224,000 city bonds, at 80 c.
5,000 State bonds, at 40 c.
6,300 Odd-Fellows' Hall bonds, at 100 c.
32,200 Southern R. R. bonds, at 40 c.
Stock of Pacific and Atlantic Telegraph Co.
" " Wrecking and Salvage Co.
Real estate, $40,000.

248

Mallalieu	$100,000
Honold	8,000
Minor	11,000
Sager Joynson and others	30,000
	$149,000

EXHIBIT A 6.

No. 6. [Atlantic cable message.]

THE WESTERN UNION TELEGRAPH COMPANY.

To CAVAROC, N. O.:

Bank exchange purple Thursday, Société de Crédit Mobilier giving list. Securities deposited with house.

CAVAROC.

17 Paris V. & T.

EXHIBIT A 7.

No. 4. [Atlantic cable message.]

THE WESTERN UNION TELEGRAPH COMPANY.

To CAVAROC BANKING ASSOCIATOIN,
Nourelle Orleans:

Differez tirages sommes pas entierement D accord.

CRÉDIT MOBILIER.

14 Paris V. & T.

EXHIBIT A 8.

No. 11. [Atlantic cable message.]

THE WESTERN UNION TELEGRAPH COMPANY.

Received at New Orleans July 11, 1873.

To CAVAROC, N. O.:

Draw bank purple Thursday, Crédit Mobilier accepting our guarantee.

CAVAROC.

12 Paris V. & T.

249 EXHIBIT A 9.

Translation.

PARIS, *July* 11, 1873.

M'r LEON GOETZ,
Administrator Delegate of the Society of the Crédit Mobilier:

SIR: Under the auspices of M'r Le Marchand, you have been so kind as to examine the question of a joint account between the Society of the Crédit Mobilier and the New Orleans National Banking Association, of which M'r Cavaroc is the president.

The verbal agreements entered into between us relative to this operation can, we think, be thus resumed:

"In order to benefit by the difference in the rate of exchange between the summer months and end of the year, time when the large shipments commence, the Society of the Crédit Mobilier authorizes the New Orleans National Banking Association to draw upon it, and binds itself to accept these drafts at 90 days up to 1,000,000 francs.

"The drafts made under these conditions shall be renewable under the

same conditions, but it is expressly specified that 10 days before maturity, the Society of the Crédit Mobilier shall be covered by M'r Cavaroc, president, to the amount of the payments to be made.

"The funds realized from these emissions shall be used by the bank against guaranties and securities of the first class which shall be deposited by the bank with the firm of Mess'rs Cavaroc & Son, which shall be the depository thereof, and advise the Crédit Mobilier of such deposit.

"The bank shall guarantee the investment of these funds, and the interest shall be carried to the credit of the joint account at the rate of 7 per cent. per annum.

250 "This account shall in no manner allow any commission or privileged charge on either side—there shall figure only brokerage, stamps, and divers charges really and honestly incurred by either side.

"The accounts shall be stated at the closing of each operation.

"Profit and loss shall be equally divided between the Crédit Mobilier and the New Orleans National Banking Association."

We think, sir, that the foregoing statement will appear to you to be in strict conformity with the terms of the conversations we had the honor to have with you.

Please accept, etc., etc.,

(Signed) CAVAROC,

Representative New Orleans Nat'l B'nk'ng Asso'n.

EXHIBIT A 10.

Translation.

JULY 12, 1873.

M'r C. CAVAROC,

Representative of the New Orleans National Banking Association, Paris:

SIR: In acknowledging receipt of your letter of 11 July instant, we hasten to confirm the verbal agreements to be entered into between us relative to a joint account between the "Society of the Crédit Mobilier and the New Orleans National Banking Association," presided by M'r Cavaroc, which you sum up thus:

"In order to benefit by the difference in the rate of exchange between the summer months and end of the year, the beginning of the great shipments, the 'Society of the Crédit Mobilier' authorize the 'New

251 Orleans National Banking Association' to draw upon it, and binds itself to accept these drafts at ninety days' sight up to 1,000,000 francs.

"The drafts made under these conditions shall be renewable under the same conditions, but it is expressly specified that ten days before maturity the Society of the Crédit Mobilier shall be covered by M'r Cavaroc, president, of the amount of payments to be made.

"The funds realized from the emission issued shall be used by the bank against guarantees and securities of the first class, which shall be deposited by the bank with the firm of Mess'rs Cavaroc & Son, who shall be the depository thereof, and advise the Crédit Mobilier of such deposit.

"The bank shall guarantee the investment of these funds, and the interest shall be carried to the credit of the joint account at the rate of 7 per cent. per annum.

"This account shall in no manner allow any commission or privileged charge on either side. There shall figure therein alone brokerage, stamps, and divers charges really and truly made by either side.

"The accounts shall be stated at the closing of each operation.

"Profit and loss shall be equally divided between the Crédit Mobilier and the New Orleans National Banking Association. It is understood that the present agreement is made for an undetermined period, but either party shall, every three months, on giving fifteen days' previous notice, have the right to suspend the operation of drawing to the amount actually reached.

"The operations concluded shall follow their course according to the agreement."

252 The following statement being in strict conformity with the terms of the conversations which we had the honor to have with you, we hereby confirm the same, and beg you to accept, etc., etc.

(Signed) HAUSSMAN.

EXHIBIT A 11.

Translation.

NEW ORLEANS, *July* 12, 1873.

SOCIETY OF THE CRÉDIT MOBILIER, *Paris:*

M'r DIRECTOR: I have received, on the 10th inst., a telegram from M'r C. Cavaroc, informing me to draw one million on you at ninety days against valuables of this bank deposited as securities with my firm.

On the 11th instant I received your telegram reading thus: "Defer drawings—are not entirely of the same opinion."

On the evening of the 11th M'r C. Cavaroc, j'r, telegraphs to me: "Draw bank one million ninety days, Crédit Mobilier accepting our guarantee," which is perfectly understood.

I have accordingly sent to our New York friends, Mess'rs Schuchardt & Sons, 800,000 francs, and to the Crédit Suisse 200,000 francs, as per enclosed memorandum.

I hope that this operation, begun with your institution, will help to forward relations profitable to all. Ours is a new country, its agricultural riches are immense, its commerce increases every year, and next winter our city will offer an unprecedented commercial activity, for the sugar and cotton crops are most promising.

253 I am waiting for your letter to learn the details of this operation of 1,000,000 of francs.

Receive, M'r Director, etc.,

(Signed) C. CAVAROC, *President.*

M'r Henry Blache, cashier, has full power to sign the drafts; you will find his signature underneath.

(Signed) C. C.

(Signed) HENRY BLACHE, *Cashier.*

C. Cavaroc, president. Henry Blache, cashier.

NEW ORLEANS NATIONAL BANKING ASSOCIATION,
New Orleans, le Juillet 12, 1873.

Memorandum de traites fournies sur le Crédit Mobilier, Paris.

Nos. 2239–2248, 10 traites de frs. 25,000, F. Schuchardt & Sons, 90 jours rue (No. 362–371)	frs.	250,000
Nos. 2249–2268, 20 traites de frs. 20,000, F. Schuchardt & Sons, 90 jours rue (No. 372–391)		400,000
Nos. 2269–2283, 15 traites de frs. 10,000, F. Schuchardt & Sons, 90 jours rue (No. 392–406)		150,000
45 traites Schuchardt & Sons, 90 jrs. rue. ens.	f.	800,000

Nos. 2284-2285,	2 traites de frs. 50,000 Société de Credit Suisse, 90 jours rue (No. 407-408)	frs.	100,000
Nos. 2286-2289,	4 traites de frs. 25,000 Société de Crédit Suisse, 90 jours rue (No. 409-412)		100,000
	6 traites Société de Crédit Suisse, 90 jrs. rue	f.	200,000

C. CAVAROC, *President.*

EXHIBIT A 12.

Translation.

NEW ORLEANS, *July* 14, 1873.

SOCIETY OF THE CRÉDIT MOBILIER:

GENTLEMEN: In confirming to you the annexed copy of the letter of M'r C. Cavaroc, president, dated 12th inst., I hereby advise you
254 that we have sent to our New York friends, Mess'rs F. Schuchardt & Sons, the 200,000 francs which we had destined to the Society of the Crédit Suisse.

This change having taken place too late for us to advise you by mail on the 12th, we hereby transmit to you for regularity a new detailed memo. of our drawings on you:

2239-2248, 10,	25,000 f., Schuchardt & Sons, 90 days	250,000
2249-2268, 20,	20,000 f., Schuchardt & Sons, 90 days	400,000
2269-2283, 15,	10,000 f., Schuchardt & Sons, 90 days	150,000
2284-2285, 2,	5,000 f., Schuchardt & Sons, 90 days	100,000
2285-2289, 4,	25,000 f., Schuchardt & Sons, 90 days	100,000
Total francs		1,000,000

I recommend these drafts to your favor, and present to you, etc., etc.

HENRY BLACHE, *Cashier.*

EXHIBIT A 13.

Translation.

PARIS, *July* 29, 1873.

NEW ORLEANS NATIONAL BANKING ASSOCIATION, *New Orleans:*

M'r PRESIDENT: We have received your letter of 12th July inst., by which you inform us that upon telegraphic advice from M'r Cavaroc, j'r, and in consequence of the agreement entered into between him and our society, you have drawn on us at 90 days' sight—

Francs	800,000	to the order of Mess'rs F. Schuchardt & Sons.
"	200,000	to the order of the Crédit Suisse.

Total francs, 1,000,000, in 51 drafts, as per account.

255 Which has been carried in reserve to your debit on the social account, for which this transaction was made, as it results from the agreements entered into between our society and M'r Cavaroc, and referred to in his letter of 11 July instant, and in our answer of 12 of same month.

Like you, we hope that the extraordinarily favorable circumstances of your market will furnish you the means to promote our relations in a manner profitable to all.

We take note of the signature of M'r Henry Blache, the cashier of your bank, authorized to sign the drafts, and we tender you, M'r President, our best regards.

Receive, etc.,

(Signed) HAUSSMAN.

EXHIBIT A 14.

Translation.

PARIS, *July* 30, 1873.

NEW ORLEANS NATIONAL BANKING ASSOCIATION:

M'r PRESIDENT: We confirm to you our letter of 29 July instant, a copy whereof is hereto annexed, and have the honor to acknowledge receipt of yours of 14th of same month, in which you inform us that the drafts of 200,000 francs which you designed for the Society of the Crédit Suisse have been remitted by you to Mess'rs F. Schuchardt & Sons, of New York, to whose orders, consequently, the fifty-one drafts have been issued: 1,000,000 francs, as per your corrected account.

We take note of the contents of your communication, and tender to you, M'r President, our heart-felt regards.

(Signed) HAUSSMAN.

256 EXHIBIT A 15.

Translation.

NEW ORLEANS, *August* 6, 1873.

BARON HAUSSMAN,

President of the Society of the Crédit Mobilier, Paris:

SIR: Your honored letter of the 12th of last month has reached us through M'r Ch. LeMarchand, who will have the goodness to forward this one to you.

I have read with care the conditions at which the operation of 1,000,000 has been consented to by you, and it shall be conducted accordingly.

As our place does not offer the same advantages as that of New York for the negotiation of large sums, we have sent our drafts to our friends T. Schuchardt & Sons, who have negotiated them with more profits than we could have done here.

In fact, according to the account-sale of said friends, this million of francs has produced net in current money—

	$217,909 54
Our drafts at New York, ¼ per cent	544 80
	$218,454 34

These $218,454.34 give as a rate of exchange f. 4. 67. 76. We could not have obtained more than 4.60 here, and to-day the rate for ninety days' sight could not be made for more than for 4.62½ @ 4.64¾.

All the large speculators in gold have sustained losses during the last month for having attempted to maintain the price of gold. The Government has $80,000,000 in its coffers. The crops will arrive: the importations are smaller than those of last year, and everybody predicts a sensible fall in the price of gold.

257 I have good hopes that next winter our operation will liquidate itself by remittances at 4.95, and perhaps at 5, which would be splendid. At any rate, we cannot do less than realize a very fair profit.

Please accept, etc.,

(Signed) C. CAVAROC & SON.

EXHIBIT A 16.

Translation.

NEW ORLEANS, *August* 19, 1873.

Baron HAUSSMAN,
President of the Council of Administration
of the Society of the Crédit Mobilier, Paris:

SIR: We reiterate to you the contents of our letter of 16th instant, and have received yours of 30 ultimo.

If we have not sent you, at first, the memorandum of the valuables we have received from the bank, to guarantee our house and yourselves, it is because the subsequent dispatch of our son gave us to understand that the operation was made under our guarantee, and we had ourselves taken these valuables. But we think it more just that we should not only transfer you this deposit, but that we should give you the details of these notes, which are all of the first class.

As soon as certain of them will mature, we will take care to replace them by others, and will advise you

In spite of the efforts of a powerful ring at New York to raise the price of gold and to create a panic, sterlings have fallen to 1.08¼ and francs to 5.32½. These rates indicate that change will be very low this winter.

Receive, gentlemen, &c.,

(Signed) C. CAVAROC & SON.

258 EXHIBIT A 17.

Translation.

NEW ORLEANS, *August* 20, 1873.

SOCIETY OF THE CRÉDIT MOBILIER, *Paris:*

MR PRESIDENT: I confirm to you my letter of the 14th ult., as per copy hereto annexed.

Since then I have received successively your honored of the 29th and 31st July last, the contents of which have been carefully noted by us.

Without any other for the present, I have the honor, &c., &c.

HENRY BLACHE, *Cashier.*

EXHIBIT A 17¼.

Translation.

PARIS, *September* 5, 1873.

NEW ORLEANS NATIONAL BANKING ASSOCIATION, *New Orleans:*

GENTLEMEN: We have received your letter of the 6th August last, by which you informed us that you found it more advantageous to negotiate in the New York market your drafts on us, and that the negotiation had produced $218,454.34, of which we take notice.

By their letter of the 19th of the same month, Mess'rs Cavaroc & Sons, of your city, have sent us the memoranda of the valuables which you deposited with them to secure your drafts on us. Said valuables amount together to $220,021.41, which is well.

Accept, gentlemen, the expression of our high regards.

(Signed) HAUSMANN.

259 EXHIBIT A 17½.

Translation.

PARIS, *September* 25, 1873.

NEW ORLEANS NATIONAL BANKING ASSOCIATION, *New Orleans:*

M'r PRESIDENT: We have the honor to confirm our letter of the 5th instant, which has crossed yours of 2d August last.

We would have been glad to receive directly from you some precise information on the financial crisis which has just sprung up at New York and at other places of the Union. The information I have received on this subject are of a very alarming nature, and we would be obliged to you to tell us if the consequences of this crisis are likely to effect commercial houses, in which case it might react disastrously in France and in Europe.

We regret very much to be unable to correspond with you by telegraph, so that we could be more rapidly quieted by dispatch.

We will be thankful to you, in the present condition of things, to profit of actual good exchange to cover our drafts maturing in October, in London paper, and at short maturity.

We believe you will understand that we must not allow our paper to be discussed; it is the only means to enable us to resume boldly the operations when better times will come.

Please accept, &c., &c.

(Signed) HAUSSMAN.

NOTE.—Exhibits A 9 to A 17½ are the translations of Exhibits A 18 to A 28, inclusive, which are written in French and are therefore not copied.

260 EXHIBIT A 29.

Statement of worthless notes held by the New Orleans National Banking Association on and previous to the 30th of June, 1873.

HELD NOTES NOT PROTESTED.

Estelle Poutz	$1,664 00
George B. Shute	3,968 76
O'Neil & Gleason	564 48
E. Lafranc	752 19
T. B. Fitzhugh.....$5,450, at 50 c.	2,725 00
M'r's Seymour	360 00
L. Lalaurie	787 85
E. F. Golsan & Co	1,575 00
E. F. Golsan & Co	2,250 00
William Creevy.....6,896, at 50 c.	3,448 00
William Wells	200 00
John Dolhonde, (with collaterals).....7,000	5,000 00
J. Rhodes	5,000 00
M. Carroll	2,500 00
Lagan & Mackinson, (six notes)	4,850 00
F. J. DaSilva	2,042 00
P, J. Pavy & Co	24,000 00

DEMAND NOTES.

C. Roman		1,200 00
W. Scott		150 00
Fairbanks & Gilman		11,233 05
Doizé & Gaines, (with collaterals)	33,072	23,000 00
D. Boiselle		2,844 50
Derron		300 00

PROTESTED NOTES.

C. Denian			253 00
W. A. Hyde			129 20
John Ray			2,309 83
Isaac Raas			710 00
Joseph Hoy & Co			9,000 00
George B. Shute			8,000 00
Firemen Insurance Company			6,556 67
S. A. Cartwright			120 00
J. U. Carrié			187 84
A. R. Railey			225 33
C. Denian			262 79
John Crosby			500 00
Henry Tete, (with collaterals)	20,000		15,000 00
Lewis Colomb			1,918 16
L. Moulor			245 00
Joaquim Roses			161 25
Bouligny & Esclapon, (with collaterals)	10,000		5,000 00
261 Joseph Marette			113 85
J. Roses			175 00
J. R. Powell			4,500 00
P. O. Peyroux			350 00
A. M. Becali			1,508 00
H. F. Wade			250 00
Bridge & Son, (two notes)			1,846 25
J. R. Waterman, (six notes)			4,533 46
A. L. Braunson			280 00
G. Sabatie, (three notes)	4,346		2,173 60
J. M. Peterson			321 00
Lagan & Mackinson, (six notes)	(null)		....
Joseph O. Theard, (two notes)			500 00
P. Coffey			215 75
R. Torres			180 50
M. A. DeLizardi & Co			12,000 00
A. F. Jones			10,394 23
J. L. Johnson			996 55
G. G. Gordin	3,260		2,000 00
Total loss on suspended and protested notes			$193,331 49

UNMATURED NOTES.

N. S. Williams, due in 1877		50,606 83
R. Villarrubia	about 20,000	10,000 00
A. A. Mouton	70,000	35,000 00
P. S. Wiltz & Co	60,000	30,000 00

OVERDRAFTS.

Old standing overdrafts by sundries		30,000 00
Overdraft A. A. Mouton	60,000	30,000 00
Overdraft P. S. Wiltz & Co	20,000	10,000 00
		$388,938 32

RECAPITULATION OF LOSSES.

Suspense account	$79,000 00
Banks and bankers' account	149,000 00
Bills receivable	15,000 00
Seignouret Frères acc't, (loss on exchange)	50,000 00
Old portfolio	68,000 00
New portfolio, (as per statement annexed)	318,938 32
Overdrafts, (as per statement annexed)	70,000 00
Shrinkage on stocks and bonds, and depreciation of real estate	70,000 00
	$819,938 32
Notes H. F. Given & Co., omitted	$20,000 00

262 EXHIBIT A 30.

Statement showing the condition of the portfolio of the New Orleans National Banking Association at the date of its failure, and what disposition was made of the notes forming this portfolio.

Notes and bills discounted, (ledger balance)		$869,415 67
Add to this am't pledged to Nat. Park Bank		150,000 00
Bills receivable, (ledger balance)		92,845 36
Total amount of portfolio		$1,112,261 03
Claimed as—		
Pledged to Crédit Mobilier, Paris		$348,011 26
" to clearing-house, New Orleans		223,677 55
" to National Park Bank, New York		162,652 80
" to F. Schuchardt & Sons, "		60,032 72
		$794,374 33
Unmatured notes on hand	$70,000 00	
Past-due and protested notes on hand	247,926 85	
		317,926 85
		$1,112,301 18

263 EXHIBIT A 31.

WEDNESDAY MORNING, *September* 24, 1873.

LIABILITIES.		CR.
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	$10,654 72	

Exchange account	1,661 91	
Discount account	14,194 38	
Profit and loss	988 98	
		27,499 99
C. J. Hambro & Son	42,621 19	
DeSulzer, Wart & Co	52,920 30	
Crédit Mobilier	218,454 34	
G. Honnorat & Co	22,191 10	
Roederer Frères	42,718 63	
		378,905 56
Dividends		5,574 60
Special deposits, 4 per cent		3,450 00
Individual depositors	527,531 84	
Due to banks and bankers	1,697 24	
		529,229 08
Due to F. Schuchardt & Sons, currency account		129,203 98
Due to F. Schuchardt & Sons, gold account		66,232 85
Total		$2,114,652 50

D'R. RESOURCES.		
Notes and bills discounted	$903,287 75	
Gold notes and bills disc't	11,702 81	
Bills receivable	22,212 45	
Notes and bills dis. and sus. paper, old portfolio	68,295 77	
264 Suspense account	109,712 48	
		$1,115,211 26
U. S. 5 per cent. new loan	400,000 00	
Bonds and securities	202,585 36	
Real estate	40,641 93	
		643,227 29
United States taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	11,556 57	
Law charges	201 45	
Protest account	381 28	
Premium "	42,795 94	
Gold "	1,844 46	
		67,281 63
Cash checks on local banks		47,361 59
Perier Frères & Co	4,811 52	
Seignouret Frères, Bordeaux, account F.	8,705 75	
Seignouret Frères, Bordeaux, account S.	16,462 56	
Seignouret Frères, Bordeaux, account K and M	10,767 93	
Fould & Co., Paris	1,586 18	
A. Duttoy & Co., Paris	13,070 89	
London Joint Stock Bank, London	14,793 87	
Crédit Suisse	30,635 53	
A. Lafargue & Co	48 16	
		100,882 39
Due from National Park Bank		1,305 03
Due from Sternberger, Netter & Seasongood		421 76
Due from banks and bankers		138,961 55
Total		$2,114,652 50

265 THURSDAY MORNING, *September* 25, 1873.

LIABILITIES.		C'R.
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	10,654 72	
Exchange account	1,679 54	
Discount account	14,195 26	
Profit and loss	988 98	
		27,518 50
C. J. Hambro & Son	42,621 19	
DeSulzer, Wart & Co	52,920 30	
Crédit Mobilier	218,454 34	
G. Honnorat & Co	22,191 10	
Roderer Frères	42,718 63	
		378,905 56
Dividends		5,574 60
Special deposits 4 per cent		3,450 00
Individual depositors	485,740 96	
Due to banks and bankers	1,605 46	
		487,346 42
Due to F. Schuchardt & Sons, currency account		128,705 23
Do do gold ac't		66,232 85
National Park Bank, cur'cy ac't		1,282 20
		$2,073,571 80

D'R. RESOURCES.		
Notes and bills discounted	$902,673 58	
Gold notes and bills disc'd	9,520 31	
Bills receivable	22,212 45	
Notes and bills dis. and sus. paper, old portfolio	68,295 77	
Suspense account	109,712 48	
		1,112,414 59
U. S. five per cent. new loan	400,000 00	
266 Bonds and securities	202,585 36	
Real estate	40,641 93	
		643,227 29
United States taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	11,556 57	
Law charges	201 45	
Protest account	381 28	
Premium do	42,795 94	
Gold do	1,844 46	
		67,281 63
Cash checks on local banks		5,721 62
Perier Frères & Co	4,811 52	
Seignouret Frères, Bordeaux, account F	8,705 75	
Seignouret Frères, Bordeaux, account S	16,462 56	
Seignouret Frères, Bordeaux, account K and M	10,767 93	
Fould & Co., Paris	1,586 18	

A. Dutfoy & Co., Paris	13,070 89	
London Joint St'k Bank, London	14,793 87	
Crédit Suisse	30,635 53	
A. Lafargue & Co.	48 16	
		100,882 39
Due from National Park Bank, gold account		5,063 27
Due from Sternberger, Netter & Seasongood		421 76
Due from banks and bankers		138,559 25
		$2,073,571 80

267 FRIDAY MORNING, *September* 26, 1873.

LIABILITIES.		C'R.
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	$10,654 72	
Exchange account	1,697 04	
Discount account	14,197 01	
Profit and loss	988 98	
		27,537 75
Cash		20,138 62
C. J. Hambro & Son	42,621 19	
DeSulzer, Wart & Co	52,920 30	
Crédit Mobilier	218,454 34	
G. Honnorat & Co	22,191 10	
Roederer Frères	42,718 63	
		378,905 56
Dividends		5,565 60
Special deposits, 4 per cent		3,450 00
Individual depositors	460,505 19	
Due to banks and bankers	691 01	
		461,196 20
Due to F. Schuchardt & Sons, currency account		127,956 81
Due to F. Schuchardt & Sons, gold account		66,232 85
		$2,065,539 83

D'R. RESOURCES.		
Notes and bills discounted	$900,628 33	
Gold-notes and bills dis	9,520 31	
Bills receivable	22,212 49	
Notes and bills, dis. and sus. paper, old portfolio	68,295 77	
Suspense account	109,712 48	
		1,110,369 34
U. S. 5 per cent. new loan	400,000 00	
268 Bonds and securities	202,585 36	
Real estate	40,641 93	
		643,227 29
United States taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	11,556 57	
Law charges	201 45	

Protest account	381 28	
Premium account	42, 795 94	
Gold account	1, 844 46	
		67, 281 63
Perier Frères & Co	4, 811 52	
Seignouret Frères, Bordeaux, account F	8, 705 75	
Seignouret Frères, Bordeaux, account S	16, 462 56	
Seignouret Frères, Bordeaux, account K and M	10, 767 93	
Fould & Co., Paris	1, 586 18	
A. Dutfoy & Co., Paris	13, 070 89	
London Joint Stock Bank, London	14, 793 87	
Crédit Suisse	30, 635 53	
A. Lafargue & Co	48 16	
		100, 882 39
Due from National Park Bank, currency account		484 57
Due from National Park Bank, gold account		5, 063 27
Due from Sternberger, Netter & Seasongood		1, 652 36
Due from banks and bankers		136, 578 98
		$2, 065, 539 83

269 SATURDAY MORNING, *September* 27, 1873.

LIABILITIES.		C'R
Capital stock		$600, 000 00
Surplus funds		14, 161 35
Circulation		360, 000 00
Madison-street property		395 09
Interest account	$10, 654 72	
Exchange account	1, 666 13	
Discount account	14, 267 20	
Profit and loss	988 98	
		27, 577 03
Cash		33, 109 38
C. J. Hambro & Son	42, 621 19	
DeSulzer, Wart & Co	52, 920 30	
Crédit Mobilier	218, 454 34	
G. Honnorat & Co	22, 191 10	
Roederer Frères	42, 718 63	
		378, 905 56
Dividends		5, 493 60
Special deposits, 4 per cent		3, 450 00
Individual depositors	445, 120 88	
Due to banks and bankers	928 37	
		446, 049 25
Due to F. Schuchardt & Sons, currency account		127, 956 81
Due to F. Schuchardt & Sons, gold account		66, 232 85
		$2, 063, 330 92

D'R. RESOURCES.	
Notes and bills discounted	$896, 798 33
Gold-notes and bills dis	9, 520 31
Bills receivable	22, 212 45
Notes and bills dis. and sus. paper, old portfolio	68, 295 77

270 Suspense account	109,712 48		
			$1,106,539 34
U. S. 5 per cent. new loan	400,000 00		
Bonds and securities	202,585 36		
Real estate	40,641 93		
			643,227 29
United States taxes	4,501 93		
Furniture and fixtures	6,000 00		
Contingent expenses	11,556 57		
Law charges	201 45		
Protest account	384 28		
Premium account	42,795 94		
Gold account	1,884 46		
			67,284 63
Perier Frères & Co	4,811 52		
Seignouret Frères, Bordeaux, account F.	8,599 40		
Seignouret Frères, Bordeaux, account S.	16,462 56		
Seignouret Frères, Bordeaux, account K and M	10,767 93		
Fould & Co., Paris	1,586 18		
A. Duffoy & Co., Paris	13,070 89		
London Joint Stock Bank, London	14,793 87		
Crédit Suisse	30,645 53		
A. Lafargue & Co	48 16		
			100,776 04
Due from Nat. Park Bank			2,209 01
Due from Nat. Park Bank, gold account			5,063 27
Due from Sternberger, Netter & Seasongood			1,652 36
Due from banks and bankers			136,578 98
			$2,063,330 92

LIABILITIES.		C'R.
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	$10,654 72	
Exchange account	1,620 15	
Discount account	14,267 20	
Profit and loss	988 98	
		27,531 05
Cash		69,161 03
De Sulzer, Wart & Co	52,920 30	
Crédit Mobilier	218,454 34	
G. Honnorat & Co	22,191 10	
Roederer Frères	42,718 63	
		336,284 37
Dividends		5,493 60
Special deposits, 4 per cent		3,450 00
Individual depositors	423,670 15	
Due to banks and bankers	928 37	
		424,598 52

Due to F. Schuchardt & Sons, currency account		127,154 72
Due to F. Schuchardt & Sons, gold account		66,253 12
National Park Bank, cur. ac't		2,796 35
		$2,037,281 20

D'R. RESOURCES.

Notes and bills discounted	866,398 33	
Gold notes and bills dis.	9,520 31	
Bills receivable	22,212 45	
Notes and bills, dis. and sus. paper, old portfolio	68,295 77	
272 Suspense account	109,712 48	
		1,076,139 34
U. S. 5 per cent. new loan	400,000 00	
Bonds and securities	202,585 36	
Real estate	40,641 93	
		643,227 29
United States taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	11,565 57	
Law charges	201 45	
Protest account	384 28	
Premium account	42,795 94	
Gold account	1,844 46	
		67,293 63
C. J. Hambro & Son	9,520 02	
Seignouret Frères, Bordeaux, account F.	6,319 37	
Seignouret Frères, Bordeaux, account S.	16,462 56	
Seigournet Frères, Bordeaux, account K and M	10,767 93	
Perier Frères & Co.	4,811 52	
Fould & Co., Paris	1,586 18	
A. Duffoy & Co., Paris	13,070 89	
London Joint Stock Bank, London	14,793 87	
Crédit Suisse	30,635 53	
A. Lafargue & Co	48 16	
		108,016 03
Due from National Park Bank, gold account		5,063 27
Due from Sternberger, Netter & Seasongood		1,812 11
Due from banks and bankers		135,729 53
		$2,037,281 20

273 TUESDAY MORNING, *September* 30, 1873.

LIABILITIES. C'R.

Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	$10,654 72	
Exchange account	1,620 15	
Discount account	14,351 74	
Profit and loss	988 98	
		27,615 59

Cash		101,379 96
De Sulzer, Wart & Co.	52,920 30	
Crédit Mobilier	218,454 34	
G. Honnorat & Co.	22,191 10	
Roederer & Co.	42,718 63	
		336,284 37
Dividends		5,493 60
Special deposits, 4 per cent		3,450 00
Individual depositors	388,234 09	
Due to banks and bankers	928 37	
		389,162 46
Due to F. Schuchardt & Sons, currency account		124,160 97
Due to F. Schuchardt & Sons, gold account.		66,265 12
National Park Bank		3,626 35
		$2,031,984 86

D'R. RESOURCES.

Notes and bills discounted	$861,881 33	
Gold notes and bills dis.	8,793 74	
Bills receivable	22,212 45	
Notes and bills, dis. and sus. paper, old portfolio	68,295 77	
274 Suspense account	109,712 48	
		$1,070,895 77
U. S. 5 per cent. new loan	400,000 00	
Bonds and securities	202,585 36	
Real estate	40,641 93	
		643,227 29
United States taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	11,565 57	
Law charges	201 45	
Protest account	384 28	
Premium account	42,795 94	
Gold account	1,844 46	
		67,293 63
C. J. Hambro & Son	9,520 02	
Seignouret Frères, Bordeaux, Account F.	6,266 60	
Seignouret Frères, Bordeaux, Account S.	16,462 56	
Seignouret Frères, Bordeaux, Account K and M.	10,767 93	
Perier Frères & Co	4,811 52	
Fould & Co., Paris	1,586 18	
A. Duttoy & Co., Paris	13,070 89	
London Joint Stock Bank, London	14,793 87	
Crédit Suisse	30,635 53	
A. Lafargue & Co	48 16	
		107,963 26
Due from National Park Bank, gold account		5,063 27
Due from F. Schuchardt & Sons		1,812 11
Due from Sternberger, Netter & Seasongood		135,729 53
		$2,031,984 86

LIABILITIES.		C'R.
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	10,654 72	
Exchange account	1,337 27	
Discount account	15,230 15	
Profit and loss	638 98	
		27,861 12
Seignouret Frères, Bordeaux, account F.	44,421 72	
C. J. Hambro & Son	26,115 51	
De Sulzer, Wart & Co	52,380 30	
A. Dutfoy & Co., Paris	29,586 60	
		152,504 13
Dividends		5,493 60
Special deposits, 4 per cent		3,450 00
Individual depositors	306,775 31	
Due to banks and bankers	915 14	
		307,690 45
Due to F. Schuchardt & Sons, gold account		66,255 12
Nat. Park Bank, cur'cy account		3,668 33

D'R.	RESOURCES.	
Notes and bills discounted	$860,621 93	
Gold notes and bills dis	8,793 74	
Bills receivable	92,845 36	
Notes and bills dis. and sus.:		
Paper, old portfolio	68,295 77	
Suspense account	109,712 48	
		1,140,269 28
U. S. 5 per cent. new loan	400,000 00	
Bonds and securities	161,360 36	
276 Real estate	40,641 93	
		602,002 29
United States taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	13,438 67	
Law charges	201 45	
Protest account	381 28	
Premium account	42,795 94	
Gold account	2,720 20	
		70,039 47
Cash checks on local banks		65,170 11
Seignouret Frères, Bordeaux, account S.	16,462 56	
Seignouret Frères, Bordeaux, account K and M	10,767 93	
Crédit Suisse	30,635 53	
Fould & Co., Paris	1,586 18	
Perier Frères & Co	4,811 52	

London Joint St'k Bank, London	14,527 23	
A. Lafargue & Co	48 16	
		78,839 10
Due from National Park Bank, gold account		5,063 27
Due from F. Schuchart & Sons		2,651 54
Due from Sternberger, Netter & Seasongood		812 11
Due from bank and bankers		131,118 82
		$2,095,965 99

277 MONDAY MORNING, *October* 6, 1873.

LIABILITIES.		C'R.
Capital stock		600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	10,654 72	
Exchange account	1,310 92	
Discount account	15,356 77	
Profit and loss	363 98	
		27,686 39
Seignouret Frères, Bordeaux, account F.	52,812 16	
Seignouret Frères, Bordeaux, account S.	11,630 33	
C. J. Hambro & Son	46,362 68	
A. Dutfoy & Co., Paris	41,813 89	
De Sulzer, Wart & Co	52,380 30	
Crédit Mobilier	218,454 34	
G. Hannorat & Co	22,191 10	
Roederer Frères	42,718 63	
		488,363 43
Dividends		5,493 60
Special deposits, 4 per cent		3,450 00
Individual depositors	289,631 30	
Due to banks and bankers	915 14	
		290,546 52
Due to F. Schuchardt & Sons, gold account		66,255 12
National Park Bank, currency account		5,668 33
Clearing-house, certificate account		206,970 35
N. O. Mutual Insurance Association		61,122 73
		$2,130,112 91

278 D'R. RESOURCES.

Notes and bills discounted	853,066 43	
Gold notes and bills dis	8,793 74	
Bills receivable	92,845 36	
Notes and bills dis. and sus. paper, old portfolio	68,295 77	
Suspense account	109,712 48	
		1,132,713 78
U. S. 5 per cent., new loan	400,000 00	
Bonds and securities	161,360 36	
Real estate	40,641 93	
		602,002 29
United States taxes	4,501 93	
Furniture and fixtures	6,000 00	

Contingent expenses	17,014 18	
Law charges	201 45	
Protest account	381 28	
Premium account	42,795 94	
Gold account	2,720 20	
		73,614 98
Checks on local banks		51,492 33
Crédit Suisse	30,635 53	
Seignouret Frères, Bordeaux, account K and M	10,767 93	
Perier Frères & Co	4,811 52	
Fould & Co., Paris	1,586 18	
London Joint Stock Bank, London	2,187 98	
A. Lafargue & Co	48 16	
		50,037 30
Due from National Park Bank, gold account		5,063 27
Due from F. Schuchardt & Sons, currency account		2,976 67
Due from Sternberger, Netter & Seasongood		812 11
Due from banks and bankers		211,400 18
		$2,130,112 91

279 MONDAY MORNING, *October* 13, 1873.

LIABILITIES.		C'R.
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	$10,654 72	
Discount account	15,356 77	
Profit and loss	363 98	
		26,375 47
Seignouret Frères, Bordeaux, account F.	51,599 20	
Seignouret Frères, Bordeaux, account S.	11,630 33	
C. J. Hambro & Son	46,362 68	
Roederer Frères	42,718 63	
A. Dutfoy & Co., Paris	41,813 89	
De Sulzer, Wart & Co	52,380 30	
Crédit Mobilier	218,454 34	
G. Honnorat & Co	22,191 10	
		487,150 47
Dividends		5,493 60
Special deposits account		3,450 00
Individual depositors	271,683 88	
Due to banks and bankers	1,008 76	
		272,692 64
Due to F. Shuchardt & Sons, gold account		67,231 17
Clearing-house, certificate account		188,584 05
N. O. Mutual Insurance Association, pledge account		61,122 73
		$2,086,656 57

280 D'R. RESOURCES.

Notes and bills discounted	$852,122 71
Gold notes and bills dis	8,793 74
Bills receivable	92,845 36

Notes and bills dis. and sus. paper, old portfolio	68,295 77	
Suspense account	109,712 48	
		$1,131,770 06
U. S. 5 per cent., new loan	400,000 00	
Bonds and securities	161,360 36	
Real estate	40,641 93	
		602,002 29
United States taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	17,930 86	
Law charges	201 45	
Protest account	381 28	
Exchange account	1,127 27	
Premium account	42,795 94	
Gold account	2,112 61	
		75,051 34
Cash checks on local banks		16,052 41
Siegnouret Frères, Bordeaux, account K and M	10,767 93	
Perier Frères & Co	4,811 52	
Fould & Co., Paris	1,586 18	
London Joint Stock Bank, London	2,187 98	
Crédit Suisse	30,635 53	
A. Lafargue & Co	48 16	
		50,037 30
Due from National Park Bank		2 53
Due from F. Schuchardt & Sons, currency account.		1,505 74
281 Due from Sternberger, Netter & Seasongood		812 11
Due from banks and bankers		209,422 79
		$2,086,656 57

SATURDAY MORNING, *October* 18, 1873.

LIABILITIES.		C'R.
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	$10,654 72	
Discount account	15,356 77	
Profit and loss	363 98	
		26,375 47
Siegnouret Frères, Bordeaux, account F.	51,599 20	
Siegnouret Frères, Bordeaux, account S.	11,630 33	
C. J. Hambro & Son	46,362 68	
Roederer Frères	42,718 63	
A. Dutfoy & Co., Paris	41,813 89	
DeSulzer, Wart & Co	52,380 30	
Crédit Mobilier	218,454 34	
G. Honnorat & Co	22,191 10	
		487,150 47
Dividends		5,493 60
Special deposits, 4 per cent		3,450 00
Individual depositors	271,473 61	
Due to banks and bankers	1,009 76	
		272,483 37

	Due to F. Schuchardt & Sons, gold account		67,231 17
282	Clearing-house, certificate account		188,584 05
	N. O. Mut. Ins. Ass'n, pledge acc't		61,122 73
			$2,086,447 30

D'R. RESOURCES.		C'R.
Notes and bills discounted	$850,972 71	
Gold notes and bill disc't	8,793 74	
Bills receivable	92,845 36	
Notes and bills dis. and sus. paper, old portfolio	68,295 77	
Suspense account	$109,712 48	
		1,130,620 06
U. S. 5 per cent., new loan	400,000 00	
Bonds and securities	161,360 36	
Real estate	40,641 93	
		602,002 29
United States taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	17,962 48	
Law charges	201 45	
Protest account	381 28	
Exchange do.	1,127 27	
Premium do.	42,795 94	
Gold do.	2,112 61	
		75,082 96
Cash checks on local banks		17,038 58
Seignouret Frères, Bordeaux, account K and M	10,767 93	
Perier Frères & Co	4,811 52	
Fould & Co., Paris	1,586 18	
London Joint St'k Bank, London	2,187 98	
Crédit Suisse	30,635 53	
A. Lafargue & Co	48 16	
		50,037 30
283 Due from National Park Bank		253 00
Due from F. Schuchardt & Sons, currency account		1,428 68
Due from Sternberger, Netter & Seasongood		812 11
Due from banks and bankers		209,422 79
		$2,086,447 30

FRIDAY MORNING, *October* 24, 1873.

LIABILITIES.		C'R.
Capital stock		$600,000 00
Surplus funds		360,000 00
Circulation		14,161 35
Madison street property		395 09
Interest account	$10,654 72	
Discount account	15,356 77	
Profit and loss	363 98	
		26,375 47
Seignouret Frères, Bordeaux, account F.	51,599 20	
Seignouret Frères, Bordeaux, account S.	11,630 33	
C. J. Hambro & Son	46,362 68	

A. Dutfoy & Co., Paris	41,813 86	
De Sulzer, Wart & Co.	52,280 30	
Crédit Mobilier	218,454 34	
G. Honnorat & Co	22,191 10	
Roederer Frères	42,718 63	
		487,150 47
Dividends		5,493 60
Special deposits, 4 per cent		3,450 00
Individual depositors	271,979 76	
Due to banks and bankers	1,009 76	
		272,989 52
284 Due to F Schuchardt & Sons, gold account		67,231 17
Clearing-house certificates		188,584 05
N. O. Mutual Insurance Association, pledge account		61,122 73
		$2,086,953 45

D'R. RESOURCES.

Notes and bills discounted	$850,459 31	
Gold-notes and bills dis	8,793 74	
Bills receivable	92,845 36	
Notes and bills dis. and sus. paper, old portfolio	68,295 77	
Suspense account	109,712 48	
		1,130,106 66
U. S. 5 per cent., new loan	400,000 00	
Bonds and securities	161,360 36	
Real estate	40,641 93	
		602,002 29
United States taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	17,962 48	
Law charges	201 45	
Protest account	381 28	
Exchange "	1,127 88	
Premium "	42,795 94	
Gold "	2,112 61	
		75,083 57
Cash checks on local banks		17,833 24
Seignouret Frères, Bordeaux, account K and M	10,767 93	
Perier Frères & Co	4,811 52	
Fould & Co., Paris	1,586 18	
London Joint Stock Bank, London	2,187 98	
285 Crédit Suisse	30,635 53	
A. Lafargue & Co	48 16	
		50,037 30
Due from National Park Bank		2 53
Due from F. Schuchardt & Sons, currency account		1,897 26
Due from Sternberger, Netter & Seasongood		812 11
Due from banks and bankers		209,178 49
		$2,086,953 45

286 EXHIBIT A 32.

Be it known that, on this twenty-fifth day of the month of September, in the year of our Lord one thousand eight hundred and seventy-three, before me, Theodore Guyol, a notary public, duly commissioned and sworn for the parish of Orleans, State of Louisiana, and in the presence of the witnesses hereinafter named and undersigned, personally appeared the parties whose names are hereinafter subscribed, acting for and in the names of the banks and firms which they severally represent, who declared that in their several capacities they had made and entered into the following agreements and stipulations which shall govern their mode of procedure for and during the thirty days ensuing the date hereof. Messieurs Louis Schneider, George Jonas, and Patrick Irwin are hereby appointed as trustees to act in behalf of the parties to this agreement; the said Louis Schneider to act as president of the said trusteeship.

The said trustees are hereby empowered to issue certificates to each bank and banker, upon deposits of collaterals to the extent of seventy-five per cent. of what the said trustees shall deem their par value; the said certificates to be called clearing-house certificates, and to be in sums of not less than one thousand dollars and not more than five thousand dollars each.

The said trustees shall select a bank to deposit the collaterals lodged with them.

The banks and bankers herein represented as parties to this act are hereby bound to issue only certified checks in payment of all sums
287 over twenty-five dollars, and not to pay currency in sums exceeding twenty-five dollars, upon the checks of any depositor on the same day.

The parties to this agreement shall use certified checks in the purchase of domestic or foreign exchange, and clearing-house certificates only in settlement of their daily exchanges and balances.

All new deposits shall be payable in the same kind of currency as that deposited.

The several banks and bankers herein represented are hereby bound not to increase their present line of discounts, and to use all efforts to curtail their liabilities.

In case, at the expiration of thirty days from this date, any of the parties to this act should fail to redeem the collaterals deposited by them, as aforesaid, the said trustees are hereby authorized and empowered to sell and dispose of the said collaterals, at private sale, to the best of the interest of the parties interested, and to apply the proceeds of such sales to the redemption of said certificates; the whole without any intervention of justice.

This agreement being made and entered into to prevent the drain of currency which would inevitably take place on the banks of New Orleans, it is understood that it shall not apply to gold deposits which are to be paid and settled in the usual manner.

Done and passed in my office, at the city of New Orleans, on the day, month, and year first before written, in the presence of Armand Guyol and John Steiner, competent witnesses, who have signed these presents with the parties, and me, notary, after reading the whole.

(Signed)

HIBERNIA NATIONAL BANK, *by P. Irwin, President.*
STATE NATIONAL BANK, *by E. Rigney, Vice President.*
288 UNION NATIONAL BANK, *M. M. Simpson, Vice President.*
BANK OF AMERICA, *per A. M. Fortier, President.*

MUTUAL NATIONAL BANK OF NEW ORLEANS, *P. Fourchy, President.*
THE PEOPLE' BANK OF N. O., *R. M. Davis, President.*
NEW ORLEANS NATIONAL BANKING ASSOCIATION, *C. Cavaroc, President.*
PIKE, BROTHER & CO.
N. O. NATIONAL BANK, *J. K. Bell, President.*
CITIZENS' BANK OF LOUISIANA, *Jno. G. Gaines, Pres't.*
GERMANIA NATIONAL BANK, *Louis Schneider, Pres't.*
BANK OF LAFAYETTE, *S. Hopkins, j'r, Pres't.*
LOUISIANA NATIONAL BANK, *A. Luria, Cashier.*
TEUTONIA NATIONAL BANK, *I. R. Wilderman, Pres't.*
ARMAND GUYOL.
JOHN STEINER.

THEO. GUYOL, *Not. Pub.*

A true copy of the original.
New Orleans, November 8th, 1873.

THEO. GUYOL, *Notary.*

UNITED STATES OF AMERICA,
District of Louisiana, ss:

I, Francis A. Woolfley, examiner, duly appointed by the circuit court of the United States for the district of Louisiana, a copy of whose order, issued on the 27th April, 1874, is hereto annexed, to take the tes-
289 timony of Charles De Armas, Henry Blache, Gustave Legardeur, j'r, George Lanaux, William F. Halsey, Amilcar Fortier, Paul Fourchy, E. H. Reynes, Thomas Janney, Gustave Blache, F. F. Case, Albert Baldwin, W'm R. Leyman, M. F. Bonis, Jules Cassard, Armand Willoz, and Eugene F. Mioton, witnesses on the part of the complainant, do hereby certify that on the days named in the depositions hereto annexed I was attended at the office of J. D. Rouse, esq., No. 34 Carondelet street, in the city of New Orleans, by the counsel and witnesses aforesaid;

That the said witnesses were duly sworn and examined, and the depositions were reduced to writing and read to the witnesses, and by them subscribed in my presence, and that Exhibits A 1 to A 32, inclusive, were introduced in evidence in said cause during the taking of said depositions.

New Orleans, April 9th, 1875.
(Signed) F. A. WOOLFLEY,
Examiner.

NOTE.—See order of 27th April, 1874, appointing examiner.

290 *Testimony for defendants.—Filed April 9th, 1875.*

Circuit court of the United States, fifth circuit, district of Louisiana.
In equity.

JOHN COCKREM, RECEIVER OF THE NEW ORleans National Banking Association,
vs.
CHARLES CAVAROC & SON ET AL. } No. 7064.

Testimony taken on the part of the defendants under the 67th rule of practice for the courts of equity of the United States, by F. A. Woolfley, examiner, duly appointed by the aforesaid court, to take the depositions of the witnesses in the above-entitled cause.

NEW ORLEANS, *Thursday, Dec'r 24th*, 1874.

Present, J. D. Rouse and J. R. Beckwith, esq's, solicitors for com-

plainant; Tho's Allen Clarke, esq., solicitor for defendant The Société de Crédit Mobilier.

JULES ALDIGÉ, a witness produced and sworn for defendants Société de Crédit Mobilier, deposes & says:

By M'r Clarke:

Ques. You were a director in the New Orleans National Banking Association during 1873?

Ans. I was.

291 Ques. Were you on a committee to go to Washington in the fall of that year?

Ans. I was chairman of the committee.

Ques. Who composed the committee?

Ans. The committee was composed, as for as my memory serves me, of M'r Mioton, M'r Blache, and myself; but from some sickness in the family, I think M'r Mioton was prevented from going, and Blache and I went on.

Ques. Previous to your going had you any statement from the cashier as to the condition of the bank?

Ans. I had a statement. At a meeting of the board on Saturday evening, which was on the 4th October, it was decided that a committee should go to Washington, and the committee was appointed, to present a statement of the bank to the Controller of the Currency, and to get from him the liquidation of the bank by the stockholders, according to law. I requested on that same evening, which was Saturday, M'r

292 Blache to get his documents prepared, as it was expected we could leave on Sunday evening; and the next day, Sunday morning, I called to the bank and stated to M'r Blache that I would not go to Washington unless I had a detailed statement of the condition of the bank; that I knew exactly what report we would make, and this report must be correct and truthful, whether bad or good; that I was unwilling and unprepared to present any other. I requested once more M'r Blache to make up the statement, and such additional statements in detail, that we might examine them on the way, so as to have all the figures in our minds.

Ques. Did he make that statement?

Ans. That statement was made.

Ques. What did it exhibit? Have you got the statement?

Ans. I have not got the statement, but as far as my memory goes——

(Complainant objects to the witness stating the contents of that statement.)

Ques. Do you know where that statement is?

Ans. It must be on file in Washington, with the Controller of the Currency. It was handed to him in person.

Ques. Did you have any conversation with M'r Blache in reference to the value of the stock of the institu ion?

A. I had conversation with M'r Blache on the way and after our return from Washington.

(The above testimony is objected to by complainant as being testimony apparently introduced to impeach the testimony of Henry Blache, a witness for complainant, and for which no proper basis has been laid, the attention of the witness Blache not having been called to the time, place, and occasion of the conversation.)

293 Witness proceeds:

At my request M'r Blache furnished me with a statement of the

condition of the bank, and after deducting everything that should have to be considered lost, this statement showed——

(Complainant objects to the contents of the statement being given.)

Ques. Have you got that statement?

Ans. I have not.

Ques. Where is the statement?

Ans. Either I have lost it or given it to M'r Blache, or given it to somebody else.

Ques. You don't know where it is?

Ans. No, sir.

Ques. And no resource by which you could determine where it is?

Ans. No, sir.

By M'r Rouse:

Ques. Have you looked for it among your papers?

Ans. Yes, sir. I have looked among my papers the other day for a number of papers, that one included, but my impression is that it was returned to M'r Blache himself.

(All evidence of the contents of the statement testified to is objected to by complainant, it appearing that no such search for the document has been made as makes it, in the contemplation of law, a lost or destroyed document.)

Witness continues:

That statement showed, to the best of my recollection, that after paying all the liabilities of the bank, there would be still a dividend accruing to the stockholders.

Ques. Do you recollect the amount of the surplus?

294 Ans. It was something about $200,000, if my memory serves me right.

Ques. Did M'r Blache, when you reached Washington, make a verbal statement to the Controller? Or state what occurred in your interview with the Controller, and when.

Ans. The committee was introduced to the Controller of the Currency by M'r Parker, surveyor of this port, I think. I explained in a few words the object of our mission to M'r Knox, the Controller, and referred him as to questions of figures for an explanation to M'r Blache. The documents that we had brought with us showing the condition of the bank were handed to M'r Knox, who propounded several questions to M'r Blache, and for a final answer requested us to call back at one o'clock of the same day.

Ques. What were M'r Blache's oral communications to the Controller?

Ans. It was to show the condition of the bank. Nothing transpired about the business of the bank at that interview.

Ques. How about the value of the assets: what did M'r Blache say to that?

Ans. That the bank was able to meet its obligations, having lost a portion of its capital.

Ques. Did he say to the Controller that all its capital was gone?

Ans. No, sir; far from it; he said there was money enough to pay all the liabilities and to have a surplus accruing to the stockholders.

Ques. What was the result of the interview after you returned at one o'clock?

295 Ans. At one o'clock when we met M'r Knox he showed to M'r Blache the last statement furnished by him and on file at Washington, and asked him to explain the differences existing between that statement and the one handed him in the morning. Amongst other

items, M'r Blache explained that the bank had met, since that statement, with a loss of some $80,000 at the hands of one Mallialu, a banker in London, but in spite of this loss the bank was fully prepared, or able to meet its obligations. Upon an examination of these various statements, M'r Knox granted the committee the liquidation of the bank in behalf of the stockholders.

Ques. You were a director of the bank for some time previous; or how long have you been director?

Ans. I have been a director since the month of February, I think, 1870 or 1871, but my recollection is 1870.

Ques. Had you any personal knowledge of the condition of the bank in May and June, 1873?

Ans. From the reports that were made to the directory I knew that the bank was embarrassed, but it was stated that if the bank could reach the time the crop would be gathered in, and settlements made by the parties debtors to the bank, that the bank would find itself in a position to do still a good business.

Ques. From whom did this statement come to you?

Ans. The statements were made by the president in presence of the board, and of the cashier.

Ques. Did the cashier make any such statements?

Ans. Officially, I do not know that the cashier has made any statement to the board.

Ques. Did he make any statement in that respect to the board or to you?

296 Ans. I don't remember that the cashier has made any statement to the board. I don't think that he has ever made any to the board, except such statements of figures as were presented in writing. I had several conversations with him, but not officially.

Ques. Your conversations were with him as cashier?

(All evidence of conversations between the witness and M'r Blache, either in their individual capacity or in their official character, in relation to the banking association, is objected to by complainant as being irrelevant communications between persons not parties to the suit and strangers to the litigation in this case.)

Ques. State what conversations did you have with M'r Blache with reference to the condition of the bank, and the time.

Ans. Some time during the summer of 1873, after the bank had been authorized to draw some large amounts on Europe, I met M'r Blache in the cars, and speaking of matters concerning the bank I expressed the opinion that there was no difficulty in reaching the time of the maturity of the large amounts due to the bank, and asked him then whether it was not his opinion that the bank, after possibly reducing its capital, could not continue to do business with such reduced capital, and he shared fully that opinion of mine.

Ques. Was there anything said about the reduction, or to what extent?

Ans. The reduction contemplated by me?

Ques. I want to know was there anything said as to the loss of capital, or what was left remaining of the capital.

297 Ans. The loss of capital, or the reduction of capital rather, mentioned, was, to the best of my knowledge, $200,000 as the outside figure; that was the amount of the reduction of the capital to be made, leaving the capital $400,000.

Ques. While you were a director, was there any intimation from any official source as to the loss of the entire capital, or not?

(Objected to by complainant.)

Ques. Was there anything said about the bank having lost?

Ans. It was never mentioned in the board, or outside of the board amongst the directors, to my knowledge, that the capital was lost, or a portion of it lost.

(Complainant objects to the testimony of this witness as to all matters of conversation between witness and M'r Blache, the cashier, either official or private, as irrelevant; not warranted either as testimony tending to impeach the witness Blache, or by the relations of either Blache or witness to the case. They object to all statements of the witness of conversations, impressions, understandings, or beliefs about or concerning the status or condition of the banking association as to solvency, or its capacity to meet its losses, and go on with reduced capital, or otherwise, as irrelevant. This objection was reserved by consent, and is now made at the conclusion of the direct examination of the witness.)

Cross-examined by M'r Beckwith:

Ques. How many times did you ever meet with the directors of the Banking Association in any meeting of the directors, personally?

Ans. I cannot state the number of times. I was present at a great many sittings of the board.

298 Ques. Were the meetings any way regular?

Ans. There were regular dates of meetings.

Ques. I am not asking you of the dates of the meetings, but of the meetings themselves.

Ans. The meetings were not always regular, or held regularly.

Ques. Is it not the truth that the directory of that bank surrendered its management almost exclusively to M'r Cavaroc?

Ans. M'r Cavaroc managed the bank, and reported to the board at its sittings.

Ques. Your answer is hardly responsive to the question I asked.

Ans. The question was what?

Ques. The question was, "Is it not the truth that the directory of that bank surrendered its management almost exclusively to M'r Cavaroc?

Ans. As I have never been a director in any other bank, I am not prepared to state whether this method is surrendering entirely or not.

Ques. Did you do much as directors that is not reported in the minutes of the meetings of the board?

Ans. As directors we were called upon at times to ascertain the personal standing of certain houses, and report to the president.

Ques. When discounts were offered, who passed the *the* paper?

Ans. The discounts were made by the president, M'r Cavaroc.

Ques. Did you do much of anything, at any meeting of the board of directors, excepting pass resolutions of thanks to M'r Cavaroc?

299 Ans. At the meeting of the board, all the discounts made by M'r Cavaroc were read to the board; the exchanges bought, domestic or foreign, were read to the board, and usually the president would give a resumé of the general condition of business as connected with the bank.

Ques. Did you, as a director, ever examine the books of the bank, or take M'r Cavaroc's statement?

Ans. Every month two directors——

Ques. I am asking you——

Ans. I am answering your question. I was one of these two directors at times. Two directors, one of which I was at times a member, were

appointed to count the cash at the end of the month, and to compare said cash with the books, and to sign a statement usually prepared by the cashier. Besides this, every three months, I believe, two directors were appointed to examine the portfolio, and make a report thereon if found correct.

Ques. Were you ever one of the last committee?

Ans. I was. I have been several times appointed to examine the portfolio.

Ques. During what period of time?

Ans. At different times. I could not specify the times just now.

Ques. Were you in 1873?

Ans. I do not believe I was. I am not prepared to answer.

Ques. As a director, did you believe your information of the condition of the bank good, and considerable as to details?

Ans. In examining the portfolio and the cash I could only see
300 what was before my eyes, and had to accept it as correct, and other information given me by the president or the cashier.

Ques. Is it not a bank director's duty to know everything about the bank?

Ans. Well, I should reckon it ought to be.

Ques. How much was lost of suspended and protested paper for the months of June, July, and August, 1873?

Ans. I cannot tell. I don't know.

Ques. Did you ever know?

Ans. I did not know the true condition of the suspended paper.

Ques. I do not ask you the value of the suspended paper.

Ans. The true condition, amounts, and names.

Ques. You examined the portfolio?

Ans. I think I did, but it is not present to my mind.

Ques. You say you were called on at times to ascertain and determine and report to the president the commercial status and solvency of houses that were customers, or who proposed to become customers, of the bank; did you ever consider M'r Mioton and P. S. Wiltz & Co. good during the year 1873?

Ans. In my opinion M'r Wiltz was very good, not knowing anything to the contrary.

Ques. Did you know anything of the overdraft of his firm at the bank, or his?

Ans. I do not know that it was reported to me at the time of the overdraft. It may have been later on. In fact, I am positive that it was not mentioned to the board.

Ques. Did the president ever mention to the board officially the losses he made, either on discounted paper, exchange, or other items?

301 Ans. Losses on exchange, particularly in the case of Mallalieu, was known to me, but whether it was reported in the board or outside of the board, is more than I can state now.

Ques. What I ask you is, at any meetings of the board of directors, did you get any official report from the president of the losses the bank had made on discounted paper, exchange, or other items?

Ans. I don't remember ever having heard such a report.

Ques. You were chairman of the committee that went to Washington?

Ans. I was.

Ques. You were charged by the directory of the bank with the duty of making representations at Washington, were you not?

Ans. Yes, sir; in concert with the cashier.

Ques. Was not M'r Blache sent on to aid you in that business by his knowledge of the affairs of the bank?

Ans. He was sent to represent the figures more especially, as he was he only one versed with figures.

Ques. Did you state to the Controller, or was the statement made to the Controller, that an actual or assumed pledge of nearly the entire portfolio of that bank had been made to secure individuals, firms, and corporations?

Ans. It is not to my knowledge that any such representation has been made.

Ques. Was this Crédit Mobilier matter mentioned to him, and the terms upon which you were drawing drafts on the Crédit Mobilier?

Ans. I do not remember that the Crédit Mobilier was mentioned.

302 Ques. Was Schuchardt & Son mentioned, and their security?

Ans. The account of Schuchardt & Son, Crédit Mobilier, and other parties drawn upon, were represented on the statement, but whether there was any information given as to these particular accounts by M'r Blache, I don't know. It was not given by me.

Ques. Were you aware when you went to Washington that the Crédit Mobilier, the National Park Bank, and Schuchardt & Sons claimed to have in their possession a large portion of the portfolio of the banking association as security against their respective losses?

Ans. It was to my knowledge that collaterals had been given to several parties, but the details I do not remember just now. There are many things passed from my mind since.

Ques. But did you know the nature of the collaterals that had been given these parties?

Ans. I knew some of the collaterals that had been given, possibly, more especially to the Park Bank.

Ques. Did you make any representations about your relation with the clearing-house, and the amount of your portfolio that the clearing-house had in its possession?

Ans. All representations as to figures and details were made by the cashier, and not by me.

Ques. Do you know whether you were present at every interview between the Controller of the Currency and M'r Blache?

Ans. I was, sir. I am sure of it that there were but two interviews.

303 Ques. Is it not, to your knowledge and information, a fact that almost the entire portfolio of the bank had been pledged to secure the several creditors of the bank, and was not represented to the Controller?

Ans. I don't believe that any statement of the details to that particular effect was given to the Controller. The position of the bank, assets and liabilities, including the portfolio and debts, were given to the Controller, but whether any additional statement was given, is more than I know now.

Ques. Is it not true, of your knowledge, that the reports made to the Controller, and which you as chairman of the committee carried from New Orleans to the Controller on that mission of yours, exhibited the portfolio of the banking association intact, and all this pledged paper represented as being paper actually in the portfolio of the bank?

Ans. The statement shown to the Controller, as far as I can remember, showed the position of the bank, its assets and liabilities, and whether the notes forming the assets of the bank were given up as collaterals or not, I cannot tell, because, as I stated before, there was a

general statement made, and a detailed statement. These matters have passed off from my mind.

Ques. You read this statement, did you not?

Ans. That was presented to the Controller?

Ques. Yes.

Ans. Yes, sir; I did.

Ques. Did you not consider it a peculiar condition for a bank to be in, that its portfolio, instead of being held for its general creditors, was in the hands of a few, and outside of the control of the bank?

Ans. Well, certainly it was not a good position for a bank; but
304 in a business point of view, I only looked at the assets and liabilities. I saw that the assets, from the statement shown me, were far above the liabilities, and whether the assets were in the hands of the bank or in other hands they were, nevertheless, assets.

Ques. When did you first find out about the loss through this firm of Mallalieu & Co.?

Ans. I cannot precisely state the time. It was in the summer months, possibly in July.

Ques. How did you learn it?

Ans I think from the cashier.

Ques. Did not M'r Cavaroc conceal the fact of that loss from you and from the directors of the bank?

Ans. I heard of the loss from M'r Cavaroc pretty nearly at the same time that I learned it from the cashier; however, I do not believe it was at a board meeting.

Ques. Did M'r Cavaroc ever represent that loss in any of his reports of the transactions of the bank made to the board at their meetings?

Ans. I do not know that he did it while I was present. I think I missed at that time several meetings, but I am not positive.

Ques. Were these statements of M'r Cavaroc made to the board in writing?

Ans. The statements were read from the books of the bank usually, as far as the discounts and exchanges were concerned, and for other details verbal statements were given to the board, except at the time of declaring a dividend, when a written statement was furnished by the cashier.

Ques. What room did you directors meet in?

Ans. We met in a room over the Insurance Association, on the second story.

305 Ques. Was it in the same room in which the banking business was carried on?

Ans. It was in the same building, but not in the same room.

Ques. Were the books of the bank taken out of the bank and carried in there every time you met?

Ans. The books of the bank were transferred from the bank to the third story, which was known as the directors' room.

Ques. The whole of the books?

Ans. I cannot say the whole. The exchange-book, domestic and foreign; the discount-book, and the minute-book. I think that is all; four or five in number.

Ques. How much paper had the bank left in its portfolio after being separated from the notes and collaterals made to secure individual creditors, such as the Credit Mobilier, the National Park Bank, Schuchardt & Sons, and the clearing-house committee?

Ans. I don't remember, if ever I did know.

Ques. Well, all this denuding of the portfolio had taken place before you went to Washington?

Ans. Yes, sir.

Ques. Did you ever open negotiations with Baltzer & Taaks on account of the bank?

Ans. Yes, sir, I did.

Ques. When?

Ans. It was some time in the early part of May, 1873.

Ques. Where is that firm located?

Ans. In New York.

Ques. For what purpose did you open the negotiations?

Ans. For the purpose of negotiating exchange or other business through them.

306 Ques. Were you appointed a committee to do that?

Ans. No, sir.

Ques. How came you to do it?

Ans. I went upon my own responsibility to New York on other business, and before leaving I had conferred with M'r Cavaroc, president, and offered my services to the bank as a director, and I paid my own traveling-expenses and never got a cent from the bank.

Ques. Did you effect that negotiation?

Ans. I did not go for the purpose of effecting any particular transaction, but general transactions, and I effected some.

Ques. Did not that concern refuse to deal with you upon your credit as a bank without securities?

Ans. Not when I saw Mess'rs Baltzer & Taaks, for they authorized me to telegraph to the bank that she could pass some of their exchange through their hands, and it was not until I reached New Orleans that I found that after my departure from New York some objections had been raised.

Ques. Were not these objections on account of the standing and credit of the bank?

Ans. These objections arose from reports that were circulated, and, as far as I know, more especially from the fact that the stock was quoted in the neighborhood of $30, and these gentlemen were under the impression, from their private lines to me, that the stock was at par $100, and it was not until later on that they discovered their error.

Ques. But did they renew their promise to dispose of your bills?

Ans. I never attempted to renew business with them since, on behalf of the bank.

307 Ques. How could they aid you by permitting you to pass your bills through their hands; by the value of their endorsement?

Ans. The understanding was that they should negotiate some of the drafts with their endorsement, and others without. In fact there was nothing ever definitely decided upon. They were to make a trial, and authorized me to telegraph that fact, which I did.

Ques. You were to draw your bills without their endorsement, and pass them; and if you could not pass them, they would endorse?

Ans. No, sir; it was not that idea. They never done business that way with the South, and they were to make a trial of that business, and if it proved to be a paying one, and gave them satisfaction, they would keep on.

Ques. Was there not, to your knowledge, communications between the bank and this firm relative to other transactions, by letter or telegram, or both?

Ans. Upon my arrival in New Orleans I heard that there was telegraphic communication between that firm and the bank.

Ques. Did you not have information of their subsequent refusal, and the reasons for their subsequent refusal, to carry these arrangements out, derived from communications from New York, or your presence and interviews with them, and not the bank?

Ans. I had read the communications from the bank, and the private communications of one of the members of the firm to me.

Ques. Was the import of the private communications to you different from the import of the communications with the bank?

308 Ans. The import of the communications to the bank is not precisely clear to my mind.

(M'r Clarke, for defendant, Société de Crédit Mobilier, objects to all of the above matters as irrelevant.)

J. ALDIGE.

Subscribed and sworn before me December 24th, 1874.

F. A. WOOLFLEY,
Examiner.

Examination continued to the 27th February, 1875.

309 NEW ORLEANS, *February 27th*, 1875.

Present, Tho's Allen Clarke, for def't, the Société de Crédit Mobilier.
" F. Fiselier, esq., for C. Cavaroc & Son.
" Mess'rs Rouse & Beckwith, for complainant.

Testimony resumed.

CHARLES CAVAROC, a witness produced, sworn, and examined on behalf of defendants, deposes and says:

By M'r Clarke:

Ques. You have been president of the New Orleans National Banking Association?

Ans. Yes, sir.

Ques. From its origin to its failure?

Ans. Yes, sir.

Ques. And you were president for some time of its predecessor, the Bank of New Orleans?

Ans. Yes, sir.

Ques. Do you know of any arrangement between the New Orleans National Banking Association and the Société de Crédit Mobilier with reference to exchange made in July, 1873?

Ans. Yes, sir: through the exertions of my son it was made.

Ques. Through the agency of your son, who was in Paris at the time?

Ans. Yes, sir.

Ques. That negotiation was conducted in writing, was it not?

Ans. Yes, sir.

Ques. You recognize these documents as the correspondence in relation to it?

Ans. Yes, sir.

(Defendants offer in evidence the correspondence brought in
310 by M'r Thomas Allen Clarke under the call made upon him by the solicitors for complainant, Exhibits A 18 to A 28, inclusive. See translations at page 249 to page 259.)

Ques. This is your son's letter, dated July 11, 1873, to the Crédit Mobilier, and marked "Exhibit A 18?"

Ans. Yes, sir; that letter was written by my son in Paris.

Ques. There is a press-copy of the letter of response by the Crédit Mobilier of the 12th July, 1873?

Ans. Yes, sir.

Ques. And these are the telegrams in connection with that correspondence which have been produced here, marked Exhibits A 6, A 7, and A 8?

Ans. Yes, sir.

Ques. Pursuant to that agreement did the bank draw on the Crédit Mobilier?

Ans. Yes, sir.

Ques. Were there securities deposited in the hands of C. Cavaroc & Co. in accordance with the arrangement?

Ans. Yes, sir.

Ques. When was a list made out and forwarded by you to the Crédit Mobilier of the 19th August? Is that the letter, Exhibit A 25, containing the list at that time forwarded?

Ans. Yes, sir.

Ques. The list, Exhibit B 1, seems to have been forwarded on the 19th August, 1873; does that letter explain the reason for the delay in forwarding that list?

Ans. Yes, sir; the letter explains itself.

Ques. At what time were the securities placed in the hands of C. Cavaroc & Son?

Ans. A few days afterwards.

Ques. After what?

311 Ans. After the day we drew the drafts.

Ques. How were these securities selected, or were they selected by you?

Ans. I think they were selected by Mr. DeArmas, the note-clerk.

Ques. And handed to you in what form; to the order of your house, C. Cavaroc & Son?

Ans. Yes, sir.

Ques. In an envelope?

Ans. Yes, sir; in one envelope.

Ques. There seems in this list, according to the statement of Mr. DeArmas, securities that were issued after the date of the drawing of the drafts. How do you account for that fact?

Ans. Securities which were made after the drawing of the drafts?

Ques. Yes; securities that were made after the 12th July.

Ans. It does not appear by the statement; I do not remember it.

Ques. When was this document that you forwarded on the 19th of August made up?

Ans. A few days after we had drawn on them. I do not remember how many days.

Ques. Do you or not remember any direction on the 19th of August to prepare the document containing the securities?

Ans. Yes, sir. I remember when we drew the drafts upon the bank that I told M'r DeArmas to prepare a list, or prepare the securities, to protect the Crédit Mobilier for the amount, but what date it was I cannot say positively.

312 Ques. About how near to the 12th of July?

Ans. A few days after it; maybe the same day. I do not remember.

Ques. Was there a list prepared by him of these securities?
Ans. Yes, sir.
Ques. What became of that list?
Ans. M'r DeArmas, I think, had the list.
Ques. Is this the list, marked "Exhibit B 1?"
Ans. Yes, sir; that is the list that I forwarded to the Crédit Mobilier.
Ques. Does this list, B 1, represent the state of the securities at the time it was forwarded?
Ans. Yes, sir.
Ques. Were there any other securities added or not after that period?
Ans. Yes, sir; but I do not remember what amount; but a large amount was added. Still we had securities sufficient to cover the Crédit Mobilier.
Ques. At what time was that done?
Ans. I do not know; I have no idea.
Ques. Did you or not retain these securities in your hands?
Ans. Yes, sir.
Ques. Did any of them fall due during the time?
Ans. Yes, sir.
Ques. What was done with the money?
Ans. The money was put into the cash of the bank and we put in some other securities.
Ques. Were any of these lists handed to you?
Ans. They were prepared by M'r DeArmas, the note-clerk.
313 Ques. Did you or not forward to the Crédit Mobilier *or* at any time subsequent lists?
Ans. I do not remember. The correspondence is there.
Ques. The correspondence is in the custody of the receiver?
Ans. Yes, sir.
Ques. Which would show whether or not the bank did forward any?
Ans. Yes, sir.
Ques. Did C. Cavaroc & Son forward any other lists?
Ans. No, sir.
Ques. At the time of the institution of this suit here, or shortly after, were there any in your hands or not?
Ans. No, sir.
Ques. Do you recognize this document, Exhibit C, filed on February 2, 1874, with the answer of the Société de Crédit Mobilier?
Ans. Yes, sir.
Ques. What is it?
Ans. A list of the notes held for account of the Crédit Mobilier coming from the bank at the time suit was commenced.
Ques. It was the state of the account at that time?
Ans. Yes, sir.
Ques. And that is the list of the notes that you had at that time?
Ans. Yes, sir.
Ques. How long had these notes been in your hands?
Ans. It was before the failure of the bank, of course.
Ques. That list comprised what?
Ans. All the notes we held for account of the Crédit Mobilier.
314 Ques. Were they the original notes that were first put in there?
Ans. All but very few.
Ques. How did you receive those that were not original notes?
Ans. From M'r DeArmas.
Ques. In lieu of other notes?

Ans. Yes, sir.

Ques. What was the course of things in relation to these securities from the time of their being first received up to the time of the institution of this suit?

Ans. I told M'r DeArmas, the note-clerk, to pay attention and see that the Credit Mobilier had always ample securities, and when one note was paid another should be used to replace it, so that the Crédit Mobilier should be always secured.

Ques. And this list is the result of it?

Ans. Yes, sir.

Ques. Do you know anything about the details: what special securities were paid from the original list, and what were put in their places?

Ans. No, sir.

Ques. How were these substitutions made?

Ans. By M'r DeArmas: I told him to keep the Crédit Mobilier always covered, so that when we used one note he put another in its place.

Ques. And this list C is the result as handed to you by him?

Ans. Yes, sir.

Ques. Did, or not, the bank draw for this sum of money upon the Crédit Mobilier?

Ans. Yes, sir.

315 Ques. Had you any previous transaction with the Crédit Mobilier?

Ans. No, sir.

Ques. This was a new business entirely?

Ans. Yes, sir.

Ques. What was the general credit of the New Orleans National Banking Association at that time?

Ans. So far as I am concerned, I thought the bank in a very good condition. I thought the bank was in need of help, but I never believed the bank was in a bad condition, because at the last moment I gave it the whole securities of my house to a very large amount, believing always that something would come to hold me back.

Ques. What was the occasion of the embarrassment of the bank?

Ans. The shrinkage of everything in the city. Merchants were failing: every day we had some new failures; and the failure of the crops. There were merchants here that we thought very good who could not pay their notes.

Ques. You knew of the condition of the bank by your own observation of it?

Ans. Yes, sir. I never thought the bank was in an insolvent condition. I thought that whatever could happen to the bank—even if it had to suspend—that it had fully the means to pay all its liabilities up to the last moment.

Ques. The bank suspended at what time?

Ans. The 5th or 4th October, 1873.

Ques. Prior to that time were you or not receiving deposits and paying checks?

Ans. Yes, sir.

316 Ques. And acting in general in connection with the clearing-house?

Ans. Yes, sir.

Ques. Did you or not draw bills of exchange, foreign and domestic, during the period from the 1st May to the time of the suspension?

Ans. Yes, sir.

Ques. Freely or not?
Ans. Yes, sir.
Ques. Were these bills or not current in the market?
Ans. Yes, sir.
Ques. Had you a correspondent in New York?
Ans. Yes, sir.
Ques. Upon whom you drew bills of exchange and checks?
Ans. Yes, sir.
Ques. What was the condition of the credit of the bank with regard to that during the time I have mentioned?
Ans. I thought it was very good, because we always drew large amounts of exchange on New York, on France, and London. Up to the moment our exchange sold freely.
Ques. Up to the moment of the suspension?
Ans. Yes, sir.
Ques. Did you suspend with the rest of the banks in the city at the time of the panic in 1873?
Ans. Yes, sir.
Ques. Did you or not continue in the clearing-house up to the 3d October, 1873?
Ans. Yes, sir.
Ques. During all the period prior to your suspension from May you received deposits and paid out money?
Ans. Yes, sir.

317 By M'r Fuselier:

Ques. In the statement of the securities deposited for the Crédit Mobilier, the last one referred to in your testimony, were there not some notes, renewals, which were set apart at the time of the first deposit?
Ans. Yes, sir.
(Complainant objects to the question as leading, and, being objected to, the question is withdrawn.)
Ques. You have explained how some notes which were in the original list forwarded by you on or about the 19th of August happened to be in the statement last referred to by you in your testimony; stating that some of them were notes which were set apart in place of the notes that were paid, and the funds accruing therefrom put into the general funds of the bank; now, were there or not, in that last statement, notes and securities of different origin; and, if so, state their origin.
Ans. Yes, sir; notes from the beginning were renewals all the time up to the failure of the bank.

By M'r Clarke:

Ques. As regards the other notes, what was their origin; notes other than renewals?
Ans. Notes held by the bank in the beginning.
Ques. Were they or not the result of collections of the original notes?
Ans. Some of them were.

By Mr. Fuselier:

Ques. You stated that the list dated the 12th July had been
318 forwarded on the 19th of August in a letter of yours to the Crédit Mobilier. There appears to be on that list, Exhibit B, notes which must have come into the bank subsequent'; please state, if you know, the origin of these notes, and how that happened.

Ans. I don't know; I told M'r DeArmas to select paper to a certain amount, and to hand it me in an envelope.

Ques. That was a few days after the 12th?

Ans. Yes, sir.

Ques. Supposing any of that paper that was selected on the 12th July had matured between that date and the 19th of August; or is there any such paper?

Ans. I don't know; there may be.

Ques. If such was the case, what would have been done with such paper that matured between the 12th July and the 19th August?

(Complainant objects to the question.)

Ques. Do you know whether between the 12th July and the 19th August any of the notes set apart for the security of the Crédit Mobilier did mature?

Ans. I think so. I am not positive; but I think so.

Ques. Such notes maturing, what was done with the proceeds?

Ans. The money was paid to the bank, or paid into the cash of the bank, and some other notes put in the place of those maturing.

Ques. Do you know whether or not there were any renewals during that period of the notes originally set apart?

Ans. I think so; I think there were more renewals than payments.

319 Cross-examined by M'r Rouse:

Ques. Have you any positive knowledge of the subject of M'r Fuselier's last inquiry?

Ans. No, sir; but I think it was so.

Ques. The DeArmas that you speak of in your testimony was the note-clerk of the bank?

Ans. Yes, sir.

Ques. The list which has been introduced in connection with your testimony, and which you say you forwarded to the Crédit Mobilier on the 19th of August, is dated July 12, 1873; will you state how it had that date instead of its true date?

Ans. No, sir; because I gave orders to M'r DeArmas, or maybe to M'r Blache—I don't know whom—to have the list made.

Ques. You do not remember why it was antedated?

Ans. No, sir.

Ques. You have stated that you thought the bank was in a solvent condition during the summer of 1873?

Ans. Yes, sir.

Ques. Did you not lose a great many deposits during the month of June, 1873?

Ans. Yes, sir.

Ques. Was it not necessary for the bank to borrow large sums of money in order to meet the calls on its deposits?

Ans. No, sir; the bank never borrowed any money in June.

Ques. Did not the bank borrow from the National Park Bank of New York $150,000 in the month of June?

Ans. Yes, sir.

320 Ques. Did not the bank discount a portion of its portfolio with the Bank of America in the month of June, 1873, to the amount of $40,000 or more?

Ans. I think so.

Ques. Did not the bank also discount a portion of its portfolio in the month of June, 1873, at the Mutual National Bank?

Ans. A few thousand dollars; yes, sir.

Ques. Did not the bank on that occasion ask $200,000, and get only $25,000?

Ans. Yes, sir.

Ques. Did not the bank also discount a portion of its portfolio with the Germania National Bank in the month of June, 1873?

Ans. I do not remember.

Ques. You are not positive?

Ans. No, sir; I think neither with the Merchants' Mutual Bank. I think it was the insurance association, and if not, with the Bank of America.

Ques. But you did discount a large amount of your portfolio with financial institutions during the month of June, 1873?

Ans. I do not remember. I think it was all for the New Orleans Mutual Insurance Association; but these are facts, and the books are there.

Ques. Do you remember a meeting of bank presidents at the office of the National Banking Association towards the close of the month of May, 1873?

Ans. Yes, sir.

Ques. At which you solicited assistance for the banking association?

Ans. Yes, sir.

321 Ques. Do you remember that on the following Saturday the bank was without funds to meet the checks of depositors or pay its balances at the clearing-house until a new account was opened with a deposit of $25,000, in money, by M'r Clarke?

Ans. Yes, sir. I remember when M'r J. S. Clarke came the bank had a very little amount of cash, but I took the $25,000 from M'r Clarke and handed it to M'r De Armas, the paying-teller, telling him that in case anything should happen I did not want M'r Clarke to lose; and I told M'r De Armas not to pay a cent of it to anybody, but keep it for M'r Clarke. We paid our depositors as they came, but this money was held as the sacred deposit of M'r Clarke.

Ques. How long was it so held?

Ans. A few days after that M'r Clarke came and got it back; but on the day that he deposited it I remember that the bank was very weak. I mean by that that the bank would pay its depositors as they were coming every day, but this $25,000 was kept aside, as I told M'r De Armas, because, I said, if the bank is to go, I did not want this $25,000 used to pay others.

Ques. Do you remember another meeting of bank presidents held at your solicitation on the first day of June, 1873, which was Sunday?

Ans. Yes, sir.

Ques. Do you remember stating to M'r Blache, the cashier, on that morning, and before that meeting, that unless the banks came to your assistance, that you must return to M'r Clarke the money that he had deposited the day before?

Ans. No, sir.

Ques. Do you remember making any statement in connection
322 with that deposit to M'r Blache on the question of returning it unless you gained assistance?

Ans. No, sir; on the same day I gave instructions to M'r De Armas, I said "Here is a deposit of $25,000, but if anything should happen to the bank, that money should go back to M'r Clarke."

Ques. At that meeting of bank presidents on Sunday, June 1, 1873, did you not exhibit a statement of your condition to them?

Ans. It may be so, but I do not remember. I must have done so, but I do not remember.

Ques. Did you ask assistance from them in the way of a loan or a discount?

Ans. Yes, sir.

Ques. Did you get any assistance from the Louisiana National Bank or the State National Bank?

Ans. Yes, sir, but not for the bank.

Ques. I am asking you about the bank only.

Ans. No, sir.

Ques. Was not the bank, in the month of July, at the time these negotiations were pending with the Credit Mobilier, very much pressed for current funds?

Ans. Yes, sir.

Ques. And did not M'r Rigney, the vice-president of the State National Bank, insist upon immediate payment to that bank of a sum of money which had been borrowed, or for some other indebtedness?

Ans. No, sir; not to my recollection.

Ques. Did you not ask from him three days' time to raise the money?

Ans. For the bank?

Ques. Yes.

323 Ans. I don't remember. I do not think for the bank.

Ques. Did you sell the exchange which you drew on the Credit Mobilier in the city of New Orleans?

Ans. No, sir.

Ques. Why did you not?

Ans. Because we could have a better price for it in New York. It was impossible for any bank here to buy such an amount of exchange.

Ques. Who was your correspondent in New York?

Ans. Schuchardt & Sons.

Ques. During the month of September was the bank able regularly to meet its exchanges at the clearing-house?

A. No, sir.

Ques. Did it not often have to give what is called cashier's checks in settlement of daily balances?

Ans. No, sir; but because we were compelled to give securities.

Ques. I am speaking of the time prior to the suspension.

Ans. So am I. As soon as the clearing-house was made it was decided that any bank indebted to the clearing-house should furnish securities, not cashier's checks, and for that reason, although I knew that the bank was in a weak condition, I never thought for a moment but that if the bank suspended it would be able to pay its liabilities.

Ques. Did your firm not furnish securities for assisting the bank?

Ans. Yes, sir.

Ques. Would it not have failed to make its clearings but for such relief?

Ans. Yes, sir.

324 Ques. Was not a large portion of the portfolio of the bank worthless, or comparatively so?

Ans. Yes, sir; and it was for that very same reason that the bank was in a weak condition, because our portfolio was almost worthless by the failure of houses in this city.

Ques. The list which you have introduced here this evening amounts to $220,000 in securities; will you please state why the additional $100,000 was taken out of the portfolio of the bank and placed to the credit of the Credit Mobilier?

Ans. Yes, sir; because I thought this $200,000 would not cover the Credit Mobilier.

Ques. When did you arrive at that conclusion?

Ans. I cannot say; but when I saw these notes always renewed, we could not rely on their payment, and not wishing that the Crédit Mobilier should lose on their loan, I asked M'r De Armas to be sure and protect the Crédit Mobilier, but I cannot say when.

Ques. How long before the failure?

Ans. It was some time before the failure.

Ques. It was not prior to the 19th of August; had you forwarded the list at that time?

Ans. No, sir.

Ques. Did you ever forward such a list of securities prior to the failure of the bank?

Ans. I think so.

Ques. How long prior to the failure?

Ans. I do not remember now.

Q. Please look at Exhibit C, annexed to the answer of the Crédit Mobilier, and state whether that is the list made subsequent to the 19th August.

325 Ans. Yes, sir; it is.

Ques. You cannot remember when that list was made?

Ans. No, sir; but I know it is the list.

Re-examined by M'r Fuselier:

Ques. When on the 19th of August this statement was dated, did you give any orders to the cashier to antedate it to the 12th of July?

Ans. No, sir.

Ques. Please look at the document marked "Exhibit B," annexed to your answer, and also Exhibit C, annexed to your answer in this suit, filed on May 6th, 1874, and state whether or not they show the correct statement of the condition of the trust in favor of the Crédit Mobilier in your hands at the time this answer was made.

Ans. All this is in the handwriting of my son, who will testify about it better than I can.

Ques. On your cross-examination there has been raised a question of a loan made on or about the first day of June by several banks of the city; was that loan made for the New Orleans National Banking Association, or the New Orleans Insurance Association?

Ans. I told M'r Rouse it was not made for the bank, but for the insurance association, but M'r Rouse stated that he had proof that it was made for account of the bank; but I think all these loans were made for account of the insurance association. I know the money given by the Germania National Bank, M'r Kennedy of the State Bank, and M'r Oglesby, was given to the insurance association.

Ques. Did you or not at that time get any relief from these banks of New Orleans for the New Orleans National Banking Association?

326 Ans. No, sir; I do not think I did; I think it was for the insurance association?

Ques. Was not the New Orleans Insurance Association at that time overdrawn at the bank?

Ans. Yes, sir.

Ques. How much?

Ans. I do not remember, but I think it was a large amount.

C. CAVAROC.

Subscribed and sworn before me February 27th, 1875.

F. A. WOOLFLEY,
Examiner.

C. CAVAROC, JR. a witness produced, sworn, and examined on behalf of defendants, deposes and says:

By M'r Clarke:

Ques. You are the son of M'r Cavaroc, president, who has just testified, and the gentleman mentioned in the negotiations as the agent of the bank in Paris?

Ans. Yes, sir.

Ques. Did you have any communication with the Crédit Mobilier as to the condition of the bank?

Ans. No, sir; I don't remember.

Ques. What was its standing at that time in Paris?

Ans. It was very good, or they would not have loaned it.

By M'r Fuselier:

Ques. Look at the documents marked "B" and "C," annexed to the answer of C. Cavaroc & Son, filed May 6, 1874, and state whether
327 or not they give the situation or condition of the trust in the hands of the firm of Cavaroc & Son for the Crédit Mobilier at the time of filing the answer; I mean the trust made by the bank.

Ans. That is the condition of the trust on the 8th of April, at the time we remitted everything to the trustees, or receivers, named by the court. That is the state of things at that time. These exhibits show the condition of the trust then, on the 8th of April, when we remitted everything to M'r Halsey and Cockrem.

C. CAVAROC, JR.

Subscribed and sworn before me February 27, 1875.

F. A. WOOLFLEY,
Examiner.

328 It is agreed by all the solicitors in this case that the time for taking testimony in the same be extended ten days from the 1st March, 1875.

After which the examination adjourned to Tuesday, March 2d, 1875, at 6½ o'clock p. m.

NEW ORLEANS, *March 2d*, 1875.

Testimony resumed on behalf of defendants.

Present, Tho's Allen Clarke, esq., for Société de Crédit Mobilier,
" and Fergus Fuselier, esq., for C. Cavaroc & Son.

GEORGE JONAS, a witness produced, sworn, and examined on behalf of defendants, deposes and says:

By M'r Clarke:

Ques. Have you been for a number of years president of the New Orleans Canal and Banking Co.?

Ans. Yes, sir.

Ques. And are still?

Ans. Yes, sir.

Ques. And were during the year 1873?

Ans. Yes, sir.

Q. Was the bank doing business to a small or large extent?

Ans. Among the largest in the city.

329 Ques. Dealing in exchange?

Ans. Yes, sir.

Ques. And discounting notes?

Ans. Yes, sir.

330 Ques. Had you an opportunity of knowing of the credit of the New Orleans National Banking Association during the year 1873?

Ans. Yes, sir.

Ques. What was its credit during that time?

Ans. It stood during that time, as far as I know, the same as other banks. We bought large amounts of exchange from that bank up to September, 1873. The general suspension took place in September.

Ques. What was called the panic time?

Ans. Yes, sir.

Ques. This was previous to the panic?

Ans. Yes, sir.

Ques. Are you aware of its dealings with others than yourself; that it bought and sold exchange?

Ans. Yes, sir; I am aware of two other transactions that took place in September.

Ques. How late did you buy the exchange?

Ans. I have got a memorandum in my pocket of purchases we made from that bank through brokers during the whole summer of 1873. The last purchase we made was on the 17th September, 1873. I bought $20,000 from them in a check on New York, and on the 20th August, $15,000.

Ques. Your bank was a member of the clearing-house?

Ans. Yes, sir.

Ques. What standing had the New Orleans National Banking Association in the clearing-house?

Ans. It stood in the clearing-house until its suspension like the other banks.

Ques. And made its settlements?

Ans. Yes, sir.

331 Ques. Was your institution applied to by it at any time for assistance?

Ans. No, sir.

Cross-examined by M'r Rouse:

Ques. Were these bills which you purchased on Schuchardt & Sons secured in any way?

Ans. No, sir; clear bills.

Ques. Were they sight-bills?

Ans. Yes, sir.

Ques. Did you not know that the New Orleans National Banking Association had been authorized by Schuchardt & Sons to draw these bills? Had you not such information from M'r Cavaroc or the cashier of the New Orleans National Banking Association?

Ans. No, sir. I bought them from brokers that knew nothing of the case.

Ques. Did you not know that they had general authority to draw on Schuchardt & Sons?

Ans. No, sir.

Ques. On the 17th September would you have bought a sixty-day bill of the New Orleans National Banking Association without security?

Ans. I would not buy a sixty-day bill on New York from any bank.

Ques. Would you have bought a sixty-day bill from that bank?

Ans. On London? Yes, sir.

Ques. Without previous acceptance?

Ans. Yes, sir. During the season of the year when we are buying

sterling bills, I was in the habit of buying them, but in the summer they never sell them.

332 Ques. You heard, in common with other financial men, the position that bank was in, and the rumors affecting its solvency?

Ans. I did not. If I did, I would not have bought its bills.

Ques. Did you spend much of your time in the city?

Ans. Yes, sir, I did. I went over the lake every Saturday and came back every Monday.

Ques. Were you present at a meeting of bank presidents about the last of May or the first of June, at the office of the New Orleans National Banking Association?

Ans. No, sir.

Ques. You did not attend that meeting?

Ans. No, sir.

Ques. Did you hear of it?

Ans. I heard of it after the bank suspended in the fall.

Ques. Did you not hear of it at the time?

Ans. No, sir. It did not apply to us.

Ques. Did your casheir not attend one of these meetings?

Ans. No, sir.

Ques. Are you positive about the statement that your cashier did not attend?

Ans. Yes, sir; if he did, he would have certainly informed me. He would not attend at such a meeting without informing the president, and I never heard of it.

Ques. How do you account for the fact that when the rumors were so general in the community that the New Orleans National Banking Association was insolvent during the summer of 1873, a fact known to nearly all the financial men in the city, that you did not hear of it?

(M'r Clarke, for defendants, objects.)

333 Ans. I do not think it is possible that there could be such a rumor. My impression is derived from this: that all the banks, the Louisiana National and the Hibernia Banks, would not buy their exchange on New York if they considered them insolvent, and they had been buying it during the summer.

Ques. Did you not buy exchange from the Crescent City National Bank before its insolvency?

Ans. Probably.

Ques. Did you not have unmatured exchange at the time of its failure?

Ans. Yes, sir; on London.

Ques. And did not the fact of its insolvency become known generally some thirty days before the maturity of the bills?

(M'r Clarke, for defendants, objects.)

Ans. No, sir; not until the failure of De Lizardi & Co. I never dreamed of it, and I do not believe any other bank officer did. When De Lizardi & Co. failed, of course we all had apprehensions.

Ques. Were you aware of the fact that in the month of June the New Orleans National Banking Association was borrowing money generally and discounting its portfolio in order to pay its depositors?

Ans. No, sir; I never heard of it.

Ques. Were you aware that there was a great run upon the bank in the month of June?

Ans. No, sir.

Ques. You never heard of that?

Ans. No, sir.

Ques. Prior to the failure of the New Orleans Banking Asso-
334 ciation, did not your bank often have to take cashier's checks from the New Orleans National Banking Association in settlement of daily balances?

Ans. Not oftener than any other bank. That is frequently done, and is a common thing.

Ques. You say it is a common thing for daily balances to be settled with cashier's checks?

Ans. Yes, sir; we both give them our own and receive others.

Ques. Was it a quite common thing prior to the panic, in 1873?

Ans. Yes, sir.

GEO. JONAS.

Subscribed and sworn before me March 2d, 1875.

F. A. WOOLFLEY,
Examiner.

Examinations adjourned to Wednesday, March 6th, 1875, at 12 o'clock m., and closed.

335 EXHIBIT B 1.

List of notes held in trust by C. C. Cavaroc & Son to secure joint operation of one million francs between the Crédit Mobilier of Paris and the New Orleans National Banking Association.

A. Dupaquier	Nov.	10, '73	$30,800 00
A. Sarran	"	10, '73	1,000 00
Aiken & Watts	"	4, '73	500 00
B. H. Lemann & Co	Oct.	23, '73	751 70
P. S. Wiltz & Co	"	20, '73	5,000 00
Dupré, Reine & Co	"	20, '73	2,000 00
W'm Morrison & Co	"	19, '73	7,500 00
I. Bloom & Co	"	19, '73	2,834 65
Eug. Potet	"	19, '73	900 00
R. Villarubia	"	16, '73	3,000 00
A. Poncy	"	14, '73	8,500 00
Fairbanks & Gilman	"	13, '73	9,750 00
Fred. Camerden	"	13, '73	1,364 56
Wolf & Marks	"	11, '73	2,500 00
P. S. Wiltz & Co	"	9, '73	5,000 00
I. Bloom & Co	"	9, '73	3,108 50
John B. Vinet	"	8, '73	1,000 00
Dupré, Reine & Co	"	8, '73	2,500 00
Felix Alexandre	Jan.	13, '74	1,000 00
A. Cavalier	Dec	13, '73	800 00
John Chapman	"	18, '73	1,500 00
M. C. Randall	Oct.	7, '73	4,500 00
C. Hodges	"	6, '73	2,488 00
E. K. Perry	"	6, '73	2,500 00
F. B. Fleitas	"	6, '73	3,000 00
336 R. A. Chiapella	Oct.	6, '73	1,825 00
P. S. Wiltz & Co	"	6, '73	12,000 00
P. Delahoussaye	Jan'y	4, '74	1,734 73
Alfred Condran	"	4, '74	1,041 67
Diodat Stelly	"	4, '74	3,015 56
" "	"	4, '74	3,015 56
P. S. Wiltz	Oct.	4, '73	5,000 00

J. Loreau & Fils	Jan'y 4, '73		2,171 48
" "	" 4, '73		2,171 48
J. Lastrapes	Sept. 30, '73		7,000 00
C. Hodges	Oct. 3, '73		2,488 80
Flash, Lewis & Co	" 3, '73		570 55
F. Brion	Sept. 29, '73		810 00
Allen, Poole & Co	" 23, '73		8,000 00
E. H. Leman & Co	" 23, '73		751 00
E. Marquez	" 22, '73		5,000 00
Marx Weill	" 22, '73		1,425 50
Woods, Matthews & Co	" 22, '73		3,261 73
P. Boissonneau	" 22, '73		1,200 00
E. F. Mioton	" 20, '73		2,394 78
Ed. S. Wurzburger	" 20, '73		2,800 00
W'm Morrison	" 20, '73		1,002 00
Allen, Poole & Co	" 20, '73		10,000 00
F. A. Gonzales	" 20, '73		895 00
P. S. Wiltz & Co	" 20, '73		5,000 00
Rivers, Lonsdale & Co	" 19, '73		1,500 00
G. W. England	" 19, '73		1,200 00
Meyer Weill	" 19, '73		1,500 00
Jno. Rocchi	" 19, '73		3,000 00
M. Mann	Oct. 23, '73		2,000 00
H. F. Given & Co	Sept. 18, '73		11,313 68
A. A. Lobsdale	Jan'y 7, '74		5,000 00
337 Lehman, Goudchaux & Co	Sept. 18, '73		2,635 50
P. Pons	" 18, '73		1,500 00
De Blanc & Beer	" 16, '73		2,000 00
			$220,021 43

New Orleans, July 12th, 1873.

HENRY BLACHE, *Cashier.*

NOTE.—Exhibit B 2 is the same as Exhibit B 3, and is therefore not copied.

338 EXHIBIT B 3.

SATURDAY MORNING, *March* 1, 1873.

LIABILITIES.		C'R
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Interest account	$11,547 29	
Discount account	17,500 96	
Gold discount account	274 67	
Profit and loss	1,814 45	
Suspense account	40,777 91	
		71,915 19
Seignouret Frères, Bordeaux, loan account		450,000 00
Seignouret Frères, Bordeaux, account sterling	89,236 68	
Seignouret Frères, Bordeaux, account K and M	100,377 72	
A. Dutfoy & Co., Paris	5,951 96	
		195,566 36

Special deposits, 4 per cent		3,450 00
E. H. Reynes & Bro., S. A		265,000 00
Dividends		7,781 40
Individual depositors	1,233,923 43	
Due to banks and bankers	897 51	
		1,234,820 94
		$3,202,695 24

D'R. RESOURCES.

Notes and bills discounted	$1,447,587 13	
Gold-notes and bills dis	20,948 98	
Bills receivable	16,758 69	
Notes and bills dis. and sus. paper, old portfolio	68,365 16	
		$1,553,659 96
339 U. S. 5 per cent. new loan	400,000 00	
Bonds and securities	202,585 36	
Real estate	35,874 35	
		638,459 71
Furniture and fixtures	6,000 00	
Contingent expenses	10,705 85	
Law charges	10,855 96	
Protest account	290 78	
Exchange account	313 51	
Premium account	42,795 94	
Gold account	1,427 33	
		72,389 37
Cash legal-tender notes	98,660 00	
Cash fractional currency	16,845 96	
Cash specie	10,452 08	
Cash bill on other national banks	11,405 00	
Cash checks on local banks	266,747 87	
		403,110 91
Seignouret Frères, Bordeaux	236,207 47	
C. J. Hambro & Son	15,515 74	
Crédit Suisse	78,641 80	
Fould & Co., Paris	2,437 82	
London Joint-Stock Bank, London	6,602 01	
Perier Frères & Co	12,252 28	
		351,657 22
Due from National Park Bank	21,923 70	
Due from F. Schuchardt & Sons	67,635 58	
Due from F. Schuchardt & Sons, gold account	7,482 60	
Due from bank' and bankers	86,376 19	
		183,418 07
		$3,202,695 24

LIABILITIES.	C'R.
Capital stock	$600,000 00
Surplus funds	14,161 25
Circulation	360,000 00

Madison-street property		482 79
Interest account	$12,506 61	
Discount account	23,209 51	
Gold discount account	339 92	
Profit and loss	1,264 45	
		37,320 49
Seignouret Frères, Bordeaux, loan account		450,000 00
Seignouret Frères, Bordeaux, account S.	433,257 34	
London Joint Stock Bank, London	345 40	
Perier Frères & Co.	4,788 17	
		438,390 91
E. H. Reynes & Bro., S. A.		145,000 00
Special deposits, 4 per cent.		3,450 00
Dividends		6,598 80
Individual depositors	823,344 99	
Due to banks and bankers	33 83	
		823,378 82
Due to F. Schuchardt & Sons		525,297 49
		$3,404,080 65

D'R. RESOURCES.

Notes and bills discounted	$1,427,856 25	
Gold-notes and bills dis.	12,667 90	
Bills receivable	16,758 69	
Notes and bills dis. and sus. paper, old portfolio	68,365 16	
Suspense account	67,301 95	
		$1,592,949 95
341 U. S. 5 per cent. new loan	400,000 00	
Bonds and securities	202,585 36	
Real estate	35,702 57	
		638,287 93
United States taxes	4,663 27	
Furniture and fixtures	6,000 00	
Contingent expenses	14,921 80	
Law charges	10,883 11	
Protest account	327 78	
Exchange account	1,449 49	
Premium account	42,795 94	
Gold account	1,350 30	
		82,391 69
Cash legal-tender notes	83,310 00	
Cash fractional currency	8,838 04	
Cash specie	8,862 26	
Cash bills on other national banks	16,390 00	
Cash checks on local banks	202,452 34	
		319,852 64
Seignouret Frères, Bordeaux	346,174 95	
C. J. Hambro & Son	59,017 18	
Crédit Suisse	111,229 37	
Fould & Co., Paris	65,070 10	
A. Dutfoy & Co., Paris	74,260 59	
Seignouret Frères, account K and M	10,767 93	
		666,520 12
Due from National Park Bank		35,277 51

Due from F. Schuchardt & Sons, gold account		630 53
Due from banks and bankers		68,170 28
		$3,404,080 65

342 THURSDAY MORNING, *May* 1, 1873.

LIABILITIES.		CR.
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		465 29
Interest account	18,802 24	
Discount account	27,462 21	
Gold discount account	385 05	
		46,649 50
Seignouret Frères, Bordeaux, loan account	450,000 00	
Seignouret Frères, Bordeaux, account S	364,714 08	
Crédit Suisse	9,350 28	
		824,064 36
E. H. Reynes & Bro., S. A		50,000 00
Special deposits, 4 per cent		3,450 00
Dividends		6,523 20
Individual depositors	1,064,129 57	
Due to banks and bankers	1,373 16	
		1,065,502 73
Due to F. Schuchardt & Sons		319,280 08
		$3,290,096 51

D'R. RESOURCES.		
Notes and bills discounted	$1,274,397 24	
Gold-notes and bills dis	9,816 38	
Bills receivable	16,758 69	
Notes and bills dis. and sus. paper, old portfolio	68,365 16	
Suspense account	49,964 76	
		1,419,302 23
U. S. 5 per cent., new loan	400,000 00	
Bonds and securities	202,585 36	
343 Real estate	35,891 93	
		638,477 29
United States taxes	4,663 27	
Furniture and fixtures	6,000 00	
Contingent expenses	25,857 74	
Law charges	10,904 56	
Protest account	340 78	
Exchange account	620 42	
Premium account	42,795 94	
Gold account	1,317 45	
Profit and loss	42,763 54	
		135,263 70
Cash legal-tender notes	74,540 00	
Cash fractional currency	9,386 72	
Cash specie	34,098 21	
Cash bills on other banks	13,065 00	
Cash checks on local banks	177,289 67	
		308,379 60

Seignouret Frères, Bordeaux	473,478 69	
Seignouret Frères, Bordeaux, account K and M	10,767 93	
Perier Frères & Co	3,931 18	
Fould & Co., Paris	32,482 46	
A. Dutfoy & Co., Paris	45,778 31	
London Joint Stock Bank, London	3,362 19	
C. J. Hambro & Son	117,686 27	
		687,487 03
Due from Nat. Park Bank, New York		38,341 72
Due from Schuchardt & Sons, gold account		2,177 15
Due from banks and bankers		60,667 79
		$3,290,096 51

344 MONDAY MORNING, *June* 2, 1873.

LIABILITIES.		C'R.
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Real estate, Madison street		465 29
Interest account	$20,369 21	
Exchange account	2,683 67	
Discount account	33,639 21	
Gold discount account	385 05	
		57,077 14
Seignouret Frères, Bordeaux, loan account	450,000 00	
Seignouret Frères, Bordeaux, account S.	296,222 38	
Credit Suisse	38,017 28	
C. J. Hambro & Son	107,776 63	
		892,016 29
Special deposits, 4 per cent		3,450 00
Dividends		6,244 20
Individual depositors	722,697 56	
Due to banks and bankers	3,336 68	
		726,034 24
Due to F. Schuchardt & Sons		241,819 24
		$2,901,267 75

D'R. RESOURCES.		
Notes and bills discounted	$1,228,588 22	
Gold notes and bills dis	4,591 26	
Bills receivable	14,867 28	
Notes and bills dis. and sus. paper, old portfolio	68,365 16	
Suspense account	108,353 78	
		$1,424,765 70
U. S. 5 per cent. new loan	400,000 00	
Bonds and securities	202,585 36	
Real estate	37,141 93	
		639,727 29
345 United States taxes	4,663 27	
Furniture and fixtures	6,000 00	
Contingent expenses	31,659 29	

Law charges	10,962 56	
Protest account	348 78	
Premium account	42,795 94	
Gold account	1,262 66	
Profit and loss	43,077 54	
		140,770 04
Cash legal-tender notes	8,170 00	
Cash fractional currency	6,306 52	
Cash specie	14,332 99	
Cash bills on other national banks	9,060 00	
Cash checks on local banks	75,696 44	
		113,565 95
Seignouret Frères, Bordeaux, account F.	405,540 83	
Seignouret Frères, Bordeaux, account K and M	10,767 93	
Perier Frères & Co	3,931 18	
Fould & Co., Paris	6,645 42	
A. Dutfoy & Co., Paris	78,886 63	
London Joint Stock Bank, London	25,058 61	
		530,830 60
Baltzer & Taaks, New York		3,818 66
Due from National Park Bank, New York		10,477 88
Due from F. Schuchardt & Sons, gold account		706 48
Due from banks and bankers		36,605 15
		$2,901,267 75

346 TUESDAY MORNING, *July* 1, 1873.

LIABILITIES.		C'R.
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Real estate, Madison street		405 79
Discount account		5,056 97
Seignouret Frères, Bordeaux, account F	$70,017 21	
Seignouret Frères, Bordeaux, account S	43,006 26	
A. Lafargue & Co	166,422 94	
		279,446 41
Special deposits, 4 per cent		3,450 00
Dividends		6,136 26
Individual depositors	752,933 68	
Due to banks and bankers	884 96	
		753,818 64
Due to F. Schuchardt & Sons, currency account	332,094 03	
Due to F. Schuchardt & Sons, gold account	56,672 72	
		388,766 75
		$2,411,242 11

D'R. RESOURCES.		
Notes and bills discounted	$950,886 07	
Gold-notes and bills dis	7,604 28	
Bills receivable	20,943 28	

Notes and bills dis. and sus. paper, old portfolio	68,295 77	
Suspense account	204,043 91	
		$1,251,773 31
347 U. S. 5 per cent. new loan	400,000 00	
Bonds and securities	202,585 36	
Real estate	37,141 93	
		639,727 29
Furniture and fixtures	6,000 00	
Protest account	364 78	
Premium account	42,795 94	
Gold account	1,250 66	
		50,411 38
Cash legal-tender notes	248,000 00	
Cash fractional currency	6,302 62	
Cash specie	3,659 21	
Cash bills on other national banks	10,335 00	
Cash checks on local banks	101,165 89	
		369,462 72
C. J. Hambro & Son	9,739 62	
Seignouret Frères, Bordeaux, account K and M	10,767 93	
Perier Frères & Co	6,079 18	
Fould & Co., Paris	582 98	
A. Dutfoy & Co., Paris	1,264 17	
London Joint Stock Bank, London	1,600 43	
Crédit Suisse	21,751 46	
		51,785 77
Baltzer & Taaks, N. Y		3,818 66
Due from National Park Bank		6,588 04
Due from banks and bankers		37,674 94
		$2,411,242 11

LIABILITIES.		C'R.
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	$4,058 93	
Exchange account	1,974 74	
Premium account	299 34	
Discount account	5,086 24	
Profit and loss	1,509 23	
		12,928 48
Seignouret Frères Bordeaux, account F	204,182 95	
Crédit Suisse	34,629 91	
A. Lafargue & Co	166,422 94	
Crédit Mobilier	217,909 54	
		623,145 34
Special deposits, 4 per cent		3,450 00
Dividends		5,970 60
Individual depositors	508,201 68	
Due to banks and bankers	1,388 58	
		509,590 26

Due to F. Schuchardt & Sons, currency account		199,951 92
Due to F. Schuchardt & Sons, gold account		58,581 54
		$2,388,174 58

D'R. RESOURCES.

Notes and bills discounted	$932,180 06	
Gold-notes and bills dis	3,608 50	
Bills receivable	22,212 45	
Notes and bills dis. and sus. paper, old portfolio	68,295 77	
Suspense account	208,799 03	
		1,235,095 81
349 U. S. 5 per cent. new loan	400,000 00	
Bonds and securities	102,585 36	
Real estate	40,141 93	
		642,727 29
United States taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	4,767 40	
Law charges	178 75	
Protest account	371 78	
Premium account	42,795 94	
		58,615 80
Cash legal-tender notes	180,300 00	
Cash fractional currency	11,303 65	
Cash specie	10,336 28	
Cash bills on other nat. b'ks	6,285 00	
Checks on local banks	44,749 05	
		252,973 98
C. J. Hambro & Son	46,274 67	
Seignouret Frères, Bordeaux, account S	53,519 02	
Seignouret Frères, Bordeaux, cacount K and M	10,767 93	
Perier Frères & Co	2,625 73	
Fould & Co., Paris	582 98	
A. Dutfoy & Co., Paris	27,085 76	
London Joint St'k B'k, London	20,200 60	
DeSulzer, Wart & Co	9,326 38	
		170,383 07
Baltzer & Taaks		3,818 66
Due from Nat. Park Bank		5,614 27
Due from banks and bankers		18,945 70
		$2,388,174 58

LIABILITIES.		C'R.
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	10,784 36	
Exchange account	3,061 83	

Discount account	9,880 88	
Profit and loss	1,494 23	
		25,221 30
Seignouret Frères, Bordeaux, account F	138,456 77	
Crédit Mobilier	218,454 34	
DeSulzer, Wart & Co	52,920 30	
A. Duffoy & Co., Paris	22,893 98	
G. Honnorat & Co	32,751 11	
		465,476 50
Special deposits, 4 per cent.		3,450 00
Dividends		5,826 60
Individual depositors	543,560 09	
Due to bank and bankers	1,479 23	
		545,039 32
Due to F. Schuchardt & Sons, currency account		369,084 60
Due to F. Schuchardt & Sons, gold account		60,046 88
		$2,448,701 64

D'R. RESOURCES.

Notes and bills discounted	$935,157 80	
Gold-notes and bills dis.	7,849 84	
Bills receivable	22,212 45	
Notes and bills dis. and sus. paper, old portfolio	68,295 77	
Suspense account	215,598 31	
		1,249,114 17
351 U. S. 5 per cent. new loan	400,000 00	
Bonds and securities	202,585 36	
Real estate	40,641 93	
		643,227 29
United States taxes	4,501 93	
Furniture and expenses	6,000 00	
Contingent expenses	8,305 96	
Law charges	178 75	
Protest account	378 28	
Premium account	42,795 94	
Gold account	1,250 66	
		63,411 52
Cash legal-tender notes	63,320 00	
Cash fractional currency	4,356 75	
Cash specie	8,582 16	
Cash bills on other national banks	9,220 00	
Cash checks on local banks	78,927 79	
		164,406 70
C. J. Hambro & Son	179,724 83	
Seignouret Freres, Bordeaux, account S.	53,880 30	
Seignouret Freres, Bordeaux, account K and M	10,767 93	
Perier Freres & Co	4,811 52	
Fould & Co., Paris	1,586 18	
London Joint Stock Bank, London	23,993 09	
Credit Suisse	30,635 53	
A. Lafargue & Co	441 92	
		305,841 30

Due from National Park Bank, New York		8,628 23
Due from banks and bankers		14,072 43
		$2,448,701 64

352 TUESDAY MORNING, *September* 30, 1873.

LIABILITIES.		CR.
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	$10,654 72	
Exchange account	1,620 15	
Discount account	14,351 74	
Profit and loss	988 98	
		27,615 59
Cash		101,379 96
DeSulzer, Wart & Co., Havre	52,920 30	
Société de Crédit Mobilier	218,454 34	
G. Honnorat & Co	22,191 10	
Roederer & Co., Havre	42,718 63	
		336,284 37
Dividends		5,493 60
Special deposits, 4 per cent		3,450 00
Individual depositors	388,234 09	
Due to banks and bankers	928 37	
		389,162 46
Due to F. Schuchardt & Sons, currency account		124,160 97
Due to F. Schuchardt & Sons, gold account		66,255 12
National Park Bank		3,626 35
		$2,031,984 86

DR. RESOURCES.		
Notes and bills discounted	$861,881 33	
Gold notes and bills dis	8,793 74	
Bills receivable	22,212 45	
Notes and bills dis. and sus. paper, old portfolio	68,295 77	
Suspense account	109,712 48	
		$1,070,895 77
353 U. S. 5 per cent., new loan	400,000 00	
Bonds and securities	202,585 36	
Real estate	40,641 93	
		643,227 29
United States taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	11,565 57	
Law charges	201 45	
Protest account	384 28	
Premium account	42,795 94	
Gold account	1,844 46	
		67,293 63

C. J. Hambro & Son	9,520 02	
Seignouret Frères, Bordeaux, account F	6,266 60	
Seignouret Frères, Bordeaux, account S	16,462 56	
Seignouret Frères, Bordeaux, account K and M	10,767 93	
Fould & Co., Paris	1,586 18	
Perier Frères & Co	4,811 52	
A. Dutfoy Co, Paris	13,070 89	
London Joint Stock Bank, London	14,793 87	
Crédit Suisse	30,635 53	
A. Lafargue & Co	48 16	
		107,963 26
Due from National Park Bank, gold account		5,063 27
Due from Sternberger, Netter & Seasongood		1,812 11
Due from banks and bankers		135,729 53
		$2,031,984 86

354 UNITED STATES OF AMERICA,
District of Louisiana, ss:

I, Francis A. Woolfley, examiner, duly appointed by the circuit court of the United States for the district of Louisiana, to take the testimony of Jules Aldigé, Charles Cavaroc, Charles Cavaroc, j'r, and George Jonas, witnesses on the part of the defendant, do hereby certify that on the days named in the deposition hereto annexed I was attended at the office of J. D. Rouse, esq., No. 3½ Carondelet street, in the city of New Orleans, by the counsel and witnesses aforesaid; that the witnesses were duly sworn and examined, and the depositions were reduced to writing, and read to the witnesses, and by them subscribed in my presence.

And that Exhibits B 1, B 2, & B 3 were introduced in evidence in said cause during the taking of said depositions. Exhibit B 2 being identically the same as Exhibit B 3, is therefore not copied from the books of the New Orleans National Banking Association.

New Orleans, April 9th, 1875.

(Signed) F. A. WOOLFLEY,
Examiner.

355 *Motion & order, case re-assigned.—Extract from the minutes of November term*, 1874.

NEW ORLEANS. *Tuesday, April 13th*, 1875.

Court met pursuant to adjournment.
Present, Hon. W. B. Woods, circuit judge.

JNO. COCKREM, REC'R, &C., N. W. CASEY SUBSTITUTED,
vs.
CAVAROC ET AL. } No. 7064.

On motion of J. D. Rouse and J. R. Beckwith, solicitors for complainant, it is ordered that this cause be set down for hearing on the 6th day of May, 1875, at 11 o'clock a. m., and that defendants be notified thereof.

Consent.—Filed April 12th, 1874, and entered in chancery order-book April 28th, 1875.

United States circuit court district of Louisiana. In equity.

JNO. COCKREM, REC'R, &C., N. W. CASEY SUBSTITUTED, *vs.* CAVAROC ET AL. } No. 7064.

By consent of all parties rule therefor is waived and publication of testimony in this suit ordered.

356 N. Orleans, April 9th, 1875.

(Signed) J. D. ROUSE, *Sol'r for Compl't.*
" CLARKE, BAYNE & RENSHAW, *For Def'ts.*
" FERGUS FUSELIER, *Sol'r Cavaroc.*

Motion and case fixed.—Extract from the minutes of April term, 1875.

NEW ORLEANS, *Thursday, May 6th*, 1875.

Court met pursuant to adjournment.
Present, Hon. W. B. Woods, circuit judge.

JNO. COCKREM, REC'R, N. W. CASEY SUBSTITUTED, *vs.* CAVAROC ET AL. } No. 7064.

On motion of J. R. Beckwith, esq., it is ordered that the cause be assigned for trial on the 27th instant, at 11 o'clock a. m., and that defendants be notified.

Agreement.—Filed May 28th, 1875.

United States circuit court, district of Louisiana. In equity.

357 JNO. COCKREM, REC'R, &C., N. W. CASEY, REC'R, SUBS., *vs.* C. CAVAROC & SON ET AL. } No. 7064.

It is stipulated and agreed by and between the complainant and defendants that the printed copy of the evidence, proofs, and exhibits hereto annexed, printed under the direction of the clerk of this court, be filed, and that the same is to be taken and considered to be the proofs, evidence, and exhibits in this cause, as taken and returned by the examiner in this cause, with the exception, to wit, that the deposition of witness S. H. Kennedy, taken and on file in the case of Cockrem, receiver, vs. National Park Bank et al., No. 7072, of the docket of this court be filed in this cause by copy and taken as evidence herein in addition to said printed evidence, the said having been omitted in said printed volume by mistake.

(Signed) J. R. BECKWITH, *Sol'r for Compl't.*
" CLARKE, BAYNE & RENSHAW, *For Def'ts.*

358 (Signed) E. C. BILLINGS, *Sol'r for Cavaroc & Son.*

Hearing & order continuance.—Extract from the minutes of Friday, May 28th, 1875.

JNO. COCKREM, REC'R, N. W. CASEY SUBSTITUTED, *vs.* C. CAVAROC & SON ET AL. } No. 7064.

The trial of this cause was resumed, and, after hearing the evidence and argument, the same is continued till Monday, 31st instant, at 11 o'clock a. m.

Hearing & order continuance.—Extract from the minutes of Monday, May 31st, 1875.

JNO. COCKREM, REC'R, N. W. CASEY SUBSTITUTED, *vs.* C. CAVAROC & SON ET AL. } No. 7064.

The trial of the above cause was resumed, and, after hearing argument, the same is continued till to-morrow, June 1st, 1875, at 11 o'clock a. m.

359 *Hearing and order continuance.—Extract from the minutes of June 1st, 1875.*

JNO. COCKREM, REC'R, N. W. CASEY SUBSTITUTED, *vs.* C. CAVAROC & SON ET AL. } No. 7064.

The trial of the above cause was resumed, and, after hearing argument, the same is continued till to-morrow, 2d instant, at 11 a. m.

Hearing and submission of cause.—Extract from the minutes of June 2d, 1875.

JNO. COCKREM, REC'R, N. W. CASEY SUBSTITUTED, *vs.* C. CAVAROC & SON ET AL. } No. 7064.

The trial of the above cause was resumed, and, after hearing argument, the court took time to advise.

Petition of John Cockrem & W. F. Halsey, receivers, for compromise.—Filed June 5th, 1875.

Circuit court of the United States.

360 N. W. CASEY, REC'R, *vs.* C. CAVAROC & SON, CRÉDIT MOBILIER, ET AL. } No. 7064.

To the honorable the judges of the circuit court of the United States for the fifth circuit, district of Louisiana:

The petition of John Cockrem and W. F. Halsey, receivers appointed by the order of this court, respectfully show that they are holders of

certain promis'ory notes made be E. F. Mioton, as per memorandum and description annexed and made part hereof.

That said Mioton is unable to pay the same, but through friends that are willing to assist him if he can be entirely relieved, offers to pay seventy-five per cent. of said notes in cash; and that petitioners are satisfied that it is for the interest of all parties represented by them, and all parties interested in this suit, that the offer made should be accepted,

and petitioners respectfully ask for authority to compromise and
361 settle with said Mioton on the terms proposed, or to transfer the notes to other parties upon receiving the sum named, and for orders accordingly.

(Signed) JOHN COCKREM.
" W. F. HALSEY.

We respectfully recommend that the application may be granted as being for the interest of all concerned.

(Signed) J. D. ROUSE, *Att'y for N. W. Casey, Rec'r.*
" CLARKE, BAYNE & RENSHAW,
Att'ys for Crédit Mobilier.

List of notes held by the receivers.

E. F. Mioton, due June 21st, 1875				393 41
"	"	"	"	841 08
"	"	"	"	500 98
"	"	"	"	208 42
"	"	"	"	273 82
"	due Dec. 21st, 1875			393 42
"	"	"	"	841 08
"	"	"	"	500 98
"	"	"	"	208 42
"	"	"	"	273 84

Let the receivers be authorized to make the compromise prayed for. June 5th, 1875.

(Signed) W. B. WOODS, *Judge.*

362 *Decree.—Entered and filed June 7th*, 1875.

United States circuit court, district of Louisiana.

JOHN COCKREM, RECEIVER OF THE NEW ORleans National Banking Association, N. W. Casey substituted,
vs.
CH'S CAVAROC & SON ET AL. } No. 7064.

This cause came on to be heard upon the bill, answers, replications, exhibits, and proofs, and was argued by counsel: on consideration whereof, for reasons assigned by the court in writing, it is ordered, adjudged, and decreed, that the complainant's bill be dismissed, and that the injunction heretofore issued be dissolved at complainant's costs.

(Signed) W. B. WOODS, *Judge.*

Motion and order granting appeal.—Entered and filed June 7th, 1875.

Circuit court of the United States, district of Louisiana. In equity.

JOHN COCKREM, RECEIVER OF THE NEW ORleans National Banking Association, Nicholas W. Casey substituted as receiver,
363 *vs.*
CH'S CAVAROC & SON ET AL., DEFENDants. } No. 7064.

On motion of the said complainant here, by J. D. Roose and J. R. Beckwith, his solicitors, it is ordered that the said complainant be, and is hereby, allowed an appeal from the final decree rendered in this cause to the Supreme Court of the United States, returnable at the next term thereof, on the first day of said term, the same to operate as a supersedeas upon the said complainant giving bond with good and sufficient surety, conditioned as the law directs, in the sum of one thousand dollars, and that the motion and order be entered of record in this cause at the psesent term of this court.

(Signed) W. B. WOODS, *Judge.*

Appeal bond.—Filed June 16th, 1875.

UNITED STATES OF AMERICA:

Know all men by these presents that we, Nicholas W. Casey,
364 receiver of the New Orleans National Banking Association, as principal, and John D. Rouse, as surety, are held and firmly bound, jointly and severally, unto the Société de Crédit Mobilier, of Paris, France, and to Charles Cavaroc, senior, and Charles Cavaroc, junior, individually, and as members of the partnership of Charles Cavaroc & Son, in the sum of one thousand dollars, lawful money of the United States of America, to be paid to the said Société de Crédit Mobilier, Ch's Cavaroc, s'r, and Ch's Cavaroc, j'r, and C. Cavaroc & Son, their heirs, executors, administrators, and assigns, for which payment well and truly to be made, we bind ourselves, and each of us by himself, and each of our heirs, executors, and administrators, firmly by these presents, sealed with our seals, and dated the sixteenth day of June, in the year of our Lord eighteen hundred and seventy-five.

Whereas, the above-named Nicholas W. Casey, receiver of the New
365 Orleans National Banking Association, hath taken an appeal to the Supreme Court of the United States from and to reverse the decree rendered by the honorable the circuit court of the United States for the fifth circuit, holding sessions in and for the district of Louisiana, in the suit of John Cockrem, N. W. Casey substituted, receiver of the New Orleans National Banking Association, against Charles Cavaroc, s'r, and Charles Cavaroc, j'r, composing the firm of C. Cavaroc & Son, and the Société de Crédit Mobilier, of Paris, France, No. 7064 of the docket of said court in equity:

Now the conditon of the above obligation is, that if the above-bounden Nicholas W. Casey, receiver of the New Orleans National Banking Association, shall prosecute his said appeal to effect, and answer all costs and damages if he shall fail to make good his plea, then this obligation shall be void; otherwise to remain in full force and virtue.

(Signed) NICHOLAS W. CASEY. [L. S.]
JOHN D. ROUSE. [L. S.]

Signed, sealed, and delivered in presence of—

Approved:

(Signed) W. B. WOODS, *Judge.*

366 UNITED STATES OF AMERICA:

Circuit court of the United States, fifth circuit and district of Louisiana.

CLERK'S OFFICE.

I, Francis A. Woolfley, clerk of the circuit court of the United States for the fifth circuit and district of Louisiana, do hereby certify that the foregoing 365 pages contain and form a full, complete, true, and perfect transcript of the record and proceedings had, together with all the evidence adduced on the trial of the case of John Cockrem, receiver of the New Orleans National Banking Association, Nicholas W. Casey substituted as receiver, versus C. Cavaroc & Son et als., No. 7064 of the docket, so far as the same now remain of record or on file in said court.

Witness my hand and the seal of said court, at the city of New Orleans, this 15th day of September, A. D. 1875.

[SEAL] F. A. WOOLFLEY, *Clerk.*

I, W. B. Woods, United States judge for the district of Louisiana, do certify that Francis A. Woolfley, whose name is signed to the above certificate as clerk of the circuit court of the United States for the fifth circuit and district of Louisiana, was at the time of signing said certificate, and is now, the clerk of said court; that said certificate is in due form of law, and that full faith and credit are due to his official attestations as such clerk.

Given under my hand, at the city of New Orleans, in said district, this 15th day of September, A. D. 1875.

W. B. WOODS, *Judge.*

367 THE UNITED STATES OF AMERICA:

Circuit court of the United States, district of Louisiana.

The President of the United States to the "Société de Crédit Mobilier" of Paris, France, Charles Cavaroc, senior, Charles Cavaroc, junior, and the commercial firm of C. Cavaroc & Son, composed of Charles Cavaroc, senior, and Charles Cavaroc, junior, greeting:

You and each of you are hereby severally cited and admonished to be and appear at a Supreme Court of the United States, to be holden at the city of Washington, on the second Monday of October next, pursuant to a motion & order for appeal of record & filed in the clerk's office of the circuit court of the United States for the fifth circuit and district of Louisiana, wherein Nicholas W. Casey, receiver of the New Orleans National Banking Association, is complainant and appellant, and you are defendants and appellees, to show cause, if any there be, why the judgment rendered against the said Nicholas W. Casey, receiver, as in said motion mentioned, should not be corrected, and why speedy justice should not be done to the parties in that behalf.

Witness the honorable Morrison R. Waite, Chief-Justice of the Supreme Court of the United States, this 13th day of July, in the year of our Lord one thousand eight hundred and seventy-five.

W. B. WOODS, *Judge.*

(Indorsed:) United States circuit court. No. 7064. Nicholas W. Casey, receiver, vs. Cavaroc et al. Citation.

Marshal's return.

Received Jul. 13, 1875, by the U. S. marshal, and *and* on the 14th of Aug., '75, served a copy hereof on C. Cavaroc by handing the same to him in person in this city.

And on the 17th of August served C. Cavaroc, j'r, with a copy hereof, in person, in this city.

And on the 21st of August, '75, served a copy hereof on La Société de Crédit de Mobilier of Paris, France, by handing it to C. Cavaroc, sen.

And on the 21st of August, 1875, served a copy hereof on C. Cavaroc & Son, by handing it to C. Cavaroc, sen'r, in person, in this city of New Orleans.

S. B. PACKARD,
U. S. Marshal.
By S. W. REED,
D'y Marshal.

On this 30th day of August personally appeared before me, S. W. Reed, a deputy U. S. marshal for the district of Louisiana, and makes oath that he served a copy of the within citation as stated in his official return hereon.

Sworn to and subscribed before me this 30 day of Aug., 1875.

S. W. REED,
D'y U. S. Marshal.
F. B. VINOT,
Comm'r of U. S. Circuit Court, Dist. of Louisiana.

(Indorsement on cover:) No. 181. Nicholas W. Casey, receiver of The New Orleans National Banking Association, appellant, vs. C. Cavaroc, s'r, & C. Cavaroc, j'r, as C. Cavaroc & Son et al. Louisiana C. C. U. S. Filed 11th October, 1875.

Supreme Court of the United States.

No. 181.

NICHOLAS W. CASEY, RECEIVER OF THE NEW ORLEANS NATIONAL BANKING ASSOCIATION—*Appellant.*

versus

C. CAVAROC, SR., THE SOCIÉTÉ DE CREDIT MOBILIER, ET AL.—*Appellees.*

Appeal from the Circuit Court of the United States—District of Louisiana.

Brief for Appellant.

J. D. ROUSE,
CHARLES CASE.
Counsel for Complainant.

Clark & Hofelinr, Book Printers, 112 Gravier St.

Supreme Court of the United States.

No. 181.

NICHOLAS W. CASEY, RECEIVER OF THE NEW ORLEANS NATIONAL BANKING ASSOCIATION—*Appellant*

versus

C. CAVAROC, SR., THE SOCIÉTÉ DE CREDIT MOBILIER, ET AL.—*Appellees.*

Appeal from the Circuit Court of the United States—District of Louisiana.

Brief for Appellant.

STATEMENT OF THE CASE.

The New Orleans National Banking Association, of which plaintiff is receiver, was organized under the provisions of the National Bank Act, approved June 3rd, 1864. For several months prior to its failure it was insolvent and notoriously embarrassed. It suspended cash payments Sept. 24, and altogether failed and suspended Oct. 4th, 1873. A receiver was appointed by the Comptroller of the Currency, and took possession Oct. 27, 1873.

It appeared from the books of the bank, that among its assets at the time of its failure were notes and bills discounted amounting to $853,066.43. (See Statement dated Monday morning, Oct. 6—R. p. 137.) But when the receiver took possession, he discovered that nearly

$800,000 of these assets were not in the bank. Inquiry developed the fact that they had been delivered to certain creditors of the bank or their agents, with the purpose of securing their several demands.

The commercial firm of C. Cavaroc & Son, (defendants,) the head of which, was President of the bank, had in their possession such assets of the bank, to the amount of $325,064.76, (pp. 4–5.) which they claimed to hold for account of the Société de Crédit Mobilier, of Paris, (defendant,) to secure it against loss, on account of a loan of its credit to the bank, to the extent of one million francs, in a joint speculation in foreign bills.

It appearing that all these assets were in the bank's possession on the day of its failure, and that no securities had been delivered at the time the debt was created, the transaction was clearly one prohibited by the Act of Congress, approved June 3d, 1864, Section 52 of which is as follows:

SEC. 52. *And be it further enacted;* That all transfer of the notes, bonds, bills of exchange, and other evidences of debt owing to the Association, or of deposits to its credit; all assignments of mortgages, sureties on real estate, or of judgments or decrees in its favor; all deposits of money, bullion, or other valuable thing for its use, or for the use of any of its shareholders or creditors; and all payments of money to either, made after the commission of an act of insolvency, or in contemplation thereof, with a view to prevent the application of its assets in the manner prescribed by this Act, or with a view to the preference

of one creditor to another, except in payment of its circulating notes, *shall be utterly null and void*." 13 Stat., p. 115.

And thereupon said Receiver filed his Bill of Complaint, (p. 1,) in said Circuit Court, setting forth the foregoing facts, as well as the fact that said bank on the 12th of July, 1873, drew and negotiated its bills of exchange upon said Crédit Mobilier, at ninety days sight, for one million francs, and credited said defendant with the proceeds, amounting to $218,454.34, and that said bills had been accepted, and the fact that said Cavaroc, President of said bank, had not been authorized to make said transaction with said Crédit Mobilier, and that no pledge of the assets had been made or authorized by the Board of Directors of said bank; and charging that the delivery and transfer of said assets, were made and accepted after the partial suspension of the bank, in contemplation of the insolvency thereof, and with a view to give a preference to said Crédit Mobilier, over other creditors of said bank, contrary to the provisions of the aforesaid statute.

The defendants in their answers, (pp. 12 and 28,) assert a valid pledge of the aforesaid assets to secure the Crédit Mobilier; aver that about $220,000 of collaterals were delivered to Cavaroc & Son, when the bills were drawn; but admit that additional collaterals, amounting to about $100,000, were afterwards deposited with Cavaroc & Son, whom they aver acted *as the agents of both parties* in the premises.

Issue was joined and the proofs in the record clearly

establish;—that there was no delivery of securities at the time of the creation of the debt to the Crédit Mobilier, on the 12th of July; that there was no such delivery until the 19th of August, when a list was made up, amounting to about $220,000; the securities being placed in an envelope, but not removed from the bank; that a few days afterwards they were returned to the note clerk, and were at all times treated as the property of the bank; that no entry was made upon the books of the bank, showing any disposition of said securities, but on the contrary, the amount of such as were paid at maturity, were credited to the account of notes and bills discounted upon the books, and the money received in payment thereof, went into the general cash of the bank, as other collections of discounted notes did; that on or after the date of the failure of the bank, notes to the amount of $325,054.76 were taken possession of by Cavaroc, Sr., President of the bank, and removed therefrom, and placed in the hands of his commercial firm, under the pretense that they had been pledged to the Crédit Mobilier to secure their debt, and that the pretended pledge, and the removal of the assets from the bank, was without the authority or knowledge of the Board of Directors thereof. It is also fully proven that the bank was in a state of insolvency, on and before the 12th of July, and that its condition was well known to the President and directors thereof, and that its embarrassment was a matter of public notoriety, from and after the 31st of May.

Upon the hearing a decree was made dismissing the bill.

ASSIGNMENT OF ERRORS.

The plaintiff assigns for error generally, the decree of the Circuit Court, dismissing the bill. This error admits of several subdivisions which are assigned as follows, viz:

1. Said Court erred in upholding the transfer of the assets of said bank, made in contemplation of its insolvency and with a view to give a preference to the defendant creditor, over others.

2. Said Court erred in decreeing the validity of the pretended pledge set up by the defendants.

3. Said Court erred in decreeing the validity of the acts of the President of said bank, in the premises complained of, not within the scope of his authority as such, and which were not authorized by the Corporation, through its Board of Directors

4. Said Court erred in denying the right of the Receiver to repudiate the acts of Cavaroc & Son, whom the defendants aver were the agents of both parties.

ARGUMENT.

I.

The insolvency and the intent to give a preference.

The prohibitory provisions of Section 52 of the National Bank Act, above set forth, are of the most sweeping and positive character, showing the intent of Congress to strike with nullity any and every device that would give one creditor any advantage over another.

The reported adjudications upon this section of the statute, so far as known, are confined to the present case, and one other hereinafter cited; but decisions upon the similar but much less stringent provisions of the Bankrupt Acts of 1841 and 1867, show that all the strictness required by its language must be given to it.

The 2d Section of the Bankrupt Act of 1841, declared conveyances or transfers of property, "*in contemplation of bankruptcy*," and for the purpose of preferring a creditor, void. 5 U. S. Stat., 442. The phrase "in contemplation of bankruptcy," is construed to mean in contemplation of a *state* of bankruptcy, or a known insolvency and inability to carry on business.

Hutchins vs. Taylor, 5 Law Rep., 289.

Arnold vs. Maynard, 2 Story's Rep., 349.

And is not limited to a contemplation of proceedings under the act.

Everett vs. Stone, 3 Story's Rep., 453.

Pulling vs. Tucker, 4 Barn. & Ald., 382.

"Insolvency" is defined as the state of a person who is insolvent or unable to pay his debts, or who is unable to pay his debts as they fall due in the ordinary course of business.

1 Bouvier's Dict., *verbo* insolvency.

Toof vs. Martin, 13 Wall., 47.

Wager vs. Hall, 16 Wall., 599.

Dutcher vs. Wright, 94 U. S. Rep., 557.

Under the Act of 1841, it was not necessary that the preferred creditor should know of the debtor's insolvency.

The preference was void even if he were ignorant thereof.

Peckham vs. Barroughs, 3 Story's R., 544.

Everett vs. Stone, 3 Story's R., 446.

Morse vs. Godfrey, 3 Story's R., 364.

Arnold vs. Maynard, 2 Story's R., 349.

See also 4 Johns. 536.

The Act of 1867, avoids a preference if the debtor be in fact, at the time, insolvent, although he may not contemplate bankruptcy, if the creditor had reasonable cause to believe him insolvent.

Wager vs. Hall, 16 Wall., 600.

Forbes vs. How., 102 Mass., 435.

The strictness with which the clause "having reasonable cause to believe" is construed, clearly shows that in the absence of such a clause in the National Bank Act, the knowledge of the creditor is immaterial, and not a subject of inquiry.

Very slight evidence of an affirmative character of the existence of a desire to prefer one creditor to another may be sufficient to invalidate the whole transaction.

Wilson vs. City Bank, 17 Wall., 487.

The case of *Case, Receiver of Crescent City National Bank vs. Citizens' Bank*, was a bill in equity to set aside transfers made contrary to the provisions of Section 52 of the National Bank Act, and the Court said:

"It is only necessary that the insolvency should be in "contemplation of the bank making the transfer. The "party to whom the transfer is made need not know of,

" or contemplate the insolvency of the bank which makes " the transfer."

2 Wood's Rep., 23.

With this exposition of the law let us apply it to the facts herein, as developed by the

EVIDENCE.

1. *Of the insolvency of the bank.*

Henry Blache, Cashier of the Bank, testified in substance, as follows :

The bank was in a pretty desparate condition in May, June, July, August and September, prior to its failure. (p. 62.)

On Saturday, the 31st of May, 1873, there were no funds at all in cash, or hardly any, except a few thousand dollars. A deposit of $25,000 made that day was used to pay balances of exchange that morning. The amount due depositors exceeded $780,000. On Sunday, June 1st, at the request of Cavaroc, President, a meeting of bank presidents was held at the banking house, for the purpose of discussing the propriety of giving assistance to the bank. Some of the books of the bank were laid before them. (p. 63). At the end of the meeting Cavaroc told him that they had agreed to loan him between $300,000 or $400,000, and that "we," meaning the bank, "were saved."

Taking into account, the shrinkage of assets, and losses sustained, more than the capital of the bank was absorbed. During the period from June to October, the bank would

never have sustained a run. The president acknowledged that the bank was in a dangerous condition. (p. 64) A statement of certain so-called resources of the bank is made, showing a loss thereon of $631,000 or more then the capital of the bank. (See Exhibit A 5, p. 119, referred to by witness, p. 65). A greater part of the dividends were charged to suspense account, and were paid out of capital—not earned. The books did not show actual state of the cash, the amount on some occasions being swollen by checks of Cavaroc, or the insurance company, drawn against banks where they had no account, and counted as currency to make a stronger statement for the clearing house. (p. 65, also p. 82). These checks were handed back and destroyed next morning. (p. 84).

The bank borrowed $150,000 from the Park Bank in June, to pay its depositors. The bank was in a pretty tight place, and had to borrow whenever it could. (p. 76.) It settled its balances by drawing exchange. The drafts upon the Credit Mobilier were used to tide over immediate difficulties. (p. 76.) A detailed statement of losses of the bank is made by witness, (Exhibit A 29, p. 126.) showing that it carried as *resources* June 30, 1873, worthless paper, overdrafts, etc., amounting to $820,000. (p. 79). The statement of the bank did not always show its true condition. Sometimes the liability to depositors was $100,000 more than the statement books showed. (p. 82.) They did not show the losses on exchange or otherwise. (p. 83.) During the Summer of 1873, the greater part of the discounted paper was renewed, and the renewals

again repeated at maturity, and could not have been collected. (p. 82).

Charles Cavaroc, President of the Bank, testified for defence:

That he thought the bank was in need of help. Never thought the bank was in an insolvent condition. "Thought that *whatever might happen to the bank—even if it had to suspend*—that it had fully the means to pay all its liabilities up to the last moment." (p. 155.) Lost a great many deposits in June, 1873. Borrowed from Park Bank, Bank of America and Mutual Bank. (p. 157.) Called a meeting of bank Presidents at close of May, 1873, and asked their assistance. On following Saturday had not money to pay depositors or balances at clearing house, until a new account was opened by Clark, with a deposit of $25,000. Took the money of Clark and told the paying teller, "*that in case anything should happen*," I did not want Mr. Clark to lose. On the day that he deposited, "*the bank was very weak.*" I said, "*if the bank is to go*, I did not want this $25,000 used to pay others." (p. 158).

Another meeting of bank presidents was held Sunday, June 1st, at his solicitation, at which assistance was asked. (p. 158.) In July, at time of negotiation with the Credit Mobilier bank, was much pressed for funds. In September it could not meet its Exchanges at Clearing House regularly, and would have failed to make them but for relief afforded by Cavaroc & Son. Its portfolio was almost worthless. (p. 159.)

The testimony, also, of LeGardeur, the Notary Public, before whom the Insurance Company mortgaged the building occupied by it and the bank, to secure loans from the other banks, *which mortgage was never recorded*, and was *afterwards destroyed* (pp. 85, 86), should be considered in connection with the fact that the bank at that time was appealing to the other banks for assistance, and that the money thus borrowed, amounting to $300,000, was, as Mr. Lanaux, the Secretary of the Insurance Company says, deposited in the bank. (p. 87.) He also says that this loan was the result of the meeting of bank presidents in June, and that the Insurance Company was not in need of the loan, but was possessed of a large portfolio of good paper. (pp. 88, 89.)

It is plain from all the evidence touching the meeting of bank presidents, and the loan, that the transaction was made for the benefit of the bank, and that the Insurance Company was interposed as a more acceptable debtor.

The agreement of September 25th, was a public confession of insolvency. (Exhibit A 32, p. 142.)

2. *Of the notoriety of the insolvency.*

This is shown by the evidence of Lyman (p. 101), Janney (p. 98), Blache (p. 99) and Bonis (p. 102), brokers who testify to discrediting rumors and the rapid decline of the stock of the bank in June and July, until in August it could not be sold. Also by Fourchy, President Mutual Bank (p. 95), Reynes, Banker (p. 97). Fortier, President Bank of America (p. 92), to each of whom

the bank made application for assistance in June; and by Case, Receiver of Crescent and First National Banks (p. 100), Baldwin, Vice President Mutual Bank (p. 100), and Lanaux, Secretary of the Insurance Association (p. 88), all of whom testify to the current rumors of its embarrassed or insolvent condition during the summer of 1873.

Insolvency, and the notoriety thereof, could not well be more conclusively proven.

The intent to prefer the Credit Mobilier, and the fact of such preference, will be shown in connection with the futile attempt to give color of pledge to the transfer of assets; and this requires, first a statement of

II.

THE LAW OF PLEDGE.

1. The law of pledge prior to 1870.

In Louisiana the law of pledge is purely statutory. Until the act of 1852 it was wholly contained in the Civil Code of 1825, Title XX. Prior to the act of 1852 (La. Acts, 1852, p. 15), which was re-enacted in 1855 (La. Acts, 1855, p. 348), promissory notes could be pledged only by *written* act *passed before a notary public or registered in his office.* The first section of the act of 1855 is as follows, viz:

"That when a debtor wishes to pawn promissory notes, bills of exchange, stocks, obligations or claims upon other persons, he shall deliver to the creditors the notes, bills

of exchange, certificates of stock, or other evidences of the claims or rights so pawned; and such pawn so made, without further formalities, shall be valid as well against third persons as against the pledgors thereof, if made in good faith."

This section was again re-enacted in 1866. La. Acts 1866, p. 266. The act of 1855 contained the following ~~good~~ repealing clause, viz:

"That all laws contrary to the provisions of this act, and all laws upon the same subject matter, *except what is contained in the Civil Code and Code of Practice* be repealed."

The act of 1866 is a re-enactment of the act of 1855, except the repealing clause, which is as follows, viz:

"That all laws and parts of laws contrary to or conflicting with the provisions of this act be and the same are hereby repealed."

The act of 1852 contained no repealing clause.

After the passage of the act of 1866, the mode of making pledges was governed entirely by that act until the code of 1870, all the conflicting provisions of the code of 1825 being repealed. Ray's Revised Civil Code, enacted in 1870, contains the following provisions:

ART. 3156 [3123]. When a debtor wishes to pawn a claim on another person, he must make a transfer of it in the act of pledge, and deliver to the creditor to whom it is transferred the note or instrument which proves its existence, if it be under private signature, and must indorse it if it be negotiable.

ART. 3157 [3124]. The pawn invests the creditor with the right of causing his debt to be satisfied by privi-

lege and in preference to the other creditors of his debtor, out of the product of the movable, corporeal or incorporeal, which has been thus burdened.

ART. 3158 [3125]. But this privilege shall take place against third persons, only in case the pawn is proved by an act, made either in a public form or under private signature; provided such act has been recorded in the manner required by law; provided also, that whatever may be [in] the form of the act, it mentions the amount of the debt, as well as the species and nature of the thing given in pledge, or (h)as a statement annexed thereto of its number, weight and measure.

When a debtor wishes to pawn promissory notes, bills of exchange, stocks, obligations or claims upon other persons, he shall deliver to the creditors the notes, bills of exchange, certificates of stock or other evidences of the claims or rights so pawned; and such pawn so made, without further formalities, shall be valid as well against third persons, as against the pledgors thereof, if made in good faith."

* * * * * * * *

Article 3160 requires notice to be given to the debtor if the credit pledged is not negotiable. Then follows:

ART. 3161 [3128]. On the other hand, this notification of the act of pledge to the person owing the debt pledged, shall not be necessary if the debt is evidenced by a note or other instrument, payable to the bearer or to order, because in that case it will suffice that the note or instrument shall have been indorsed by the person pledging it, to invest the creditor with the privilege above mentioned."

Articles 3156, 3157, 3160 and 3161 of the Revised

Code are identical with articles 3123, 3124, 3127 and 3128, respectively of the old Code of 1825. Article 3125 of the old Code corresponding to article 3158 of the revision, is as follows:

ART. 3125. But this privilege shall take place against third persons only in case the pawn is proved by an act made either in a public form or under private signature; provided that in this last case it should be registered in the office of a notary public, at a time not suspicious: provided, also, that whatever may be the form of the act, it mentions the amount of the debt as well as the species and nature of the thing given in pledge, or has a statement annexed thereto of its number, weight and measure."

Such was the statutory law upon the subject at the time of the transaction complained of in this bill.

It will be observed that the law of pledge, as contained in the old Code, was re-enacted in the revision of 1870, and that the provisions of the acts of 1852, 1855 and 1866, above quoted, were incorporated with it. The effect of such incorporation will be considered further on. Both articles, 3156 [3123] and 3161 [3128], require that in order to make a valid pledge of a negotiable note or instrument, the pledgor *must indorse it, even though it be payable to bearer.*

The Supreme Court has enforced this rule with great strictness. In *Sewall vs. McNeill et al.*, it said:

"It has been contended that the endorsement of Angus "McNeill was useless, inasmuch as the bill of exchange "was already endorsed by the payee in blank, and would "therefore pass by delivery. In the ordinary course of

" business there is no doubt that such would be the case,
" but we think the articles of the Code which relate to
" the contract of pledge, by which a debtor seeks to re-
" cover a debt, perhaps to the prejudice of other creditors,
" ought to receive a strict construction. The bill of
" exchange, although it might pass by delivery, was still
" negotiable, and the article in question (3123) requires
" an endorsement. Two subsequent articles, to-wit: 3127
" and 3128, appear to us to fortify this construction of
" that under consideration. They provide, first, that
" where the thing given in pledge consists of a credit *not*
" *negotiable*, to enable the creditor to enjoy the right of
" pledge as to other creditors, not only an authentic act,
" or an act under private signature, duly recorded is
" required, but it is necessary that *a copy of the act shall*
" *be served on the debtor* of the credit given in pledge;
" but secondly, on the other hand this notification to the
" debtor is not required if the debt be evidenced by a note
" or other obligation payable to *bearer or order*, because
" in that case it will suffice that the note or obligation
" shall have been endorsed by the person pledging it.
" This last article clearly denies to the pledgor the right
" of causing his debt to be paid by preference over other
" creditors out of the thing pledged, in the case of a note
" payable to bearer, without the endorsement of the
" pledgor, and such endorsement accompanying the act of
" pledge, stands in lieu of notice to the debtor of the
" obligation pledged, which alone can conclude other cre-
" ditors of the pledgor."

17 La. Reports, 189.

So held also in Winchester vs. Ory's Syndics, 17 La. Rep. 429 ; Fluker vs. Bullard, 2 Annual, 338 ; Robinson vs. Shelton, 2 Rob. 277.

It was also essential to the validity of a pledge under the Code of 1825, that it should be made by written act, either in public form, i. e., entered into before a notary public in the presence of two witnesses ; or if under private signature, "registered in the office of a notary public at a time not suspicious." Art. 3125. After the act of 1855, a question arose as to the meaning of the words "without further formality," and was thus disposed of by the Supreme Court in *Cater vs. Merrill.* 14 La An

"By comparing this law (Act of 1855,) with the "3125th Article of the Code, it is obvious that the clause, "'without further formalities,' means the registry of pri- "vate acts of pledge in the office of a notary public, "required by the Code. But the mention of the amount "of the debt intended to be secured, like that of the "specific property to be pledged for the security of the "debt, is in no sense *a formality.* It is essential to the "contract of pledge—so essential, that without such "mention, the contract would be unintelligible.

"For what is a pledge? It is an auxiliary contract "for the enforcement of any lawful obligation. C. C. "3100, 3103. It results from this definition that there "should be no uncertainty or ambiguity as to the nature "and extent of the principal obligation, which it is the "object of the pledge to aid and enforce.

"Otherwise, it is impossible to ascertain the nature and "extent of the rights and obligations of the pledgor and "pledgee, reciprocally, from the instrument itself. Re- "course would necessarly be had to ~~have~~ parol proof, to "explain the intention of the parties. And thus the ob- "ject of the law *which requires this contract to be in writ- "ing*, would be defeated, and the door opened to the per- "petration of frauds upon the parties contracting, and "upon their creditors."

"14. An. Rep. 375.

So that notwithstanding the Act of 1855, it was, among other things, still essential to constitute a pledge; that it should be made in writing; that it should mention the amount of the debt to be secured, and contain or be accompanied by a description of the thing given in pledge.

2. *The law of pledge in the Code of 1870.*

Granting for the sake of argument, that under the Act of 1866, with its repealing clause, the phrase "without further formalities," dispensed with everything but delivery of the thing pledged; what is the effect of the legislation of 1870. The provisions of the Act of 1855, having been incorporated into Article 3158, (3125), and Articles 3123, 3127, and 3128, of the old Code, having been re-enacted, they must now be construed together. In construing the Code, that interpretation must be adopted, which will make a particular article harmonize with its other provisions, if it can be done without violence to its terms. In *Childers vs. Johnson*, the Supreme Court laid down the rule as follows;

"It is a sound rule of interpretation, in construing an "Article of the Code, with reference to a subject matter, "to take into view the general system of legislation upon "the subject matter contained in the same work; and "when a provision of the code is invoked in derogation of "the common rule regulating the subject matter, the "intention so to derogate should be clear and beyond "reasonable doubt. If an interpretation can be given to "the particular article, which without doing violence to "its terms, will make it harmonize with the general rules "and the other provisions of the code regulating the sub-"ject matter, such interpretation should be adopted. In "the interpretation of contracts, it is an undisputed "maxim: *Ex antecedentibus et consequentibus fit optimus "interpretatio.* The spirit of that rule may be considered "fairly applicable to the interpretations of our codes."

6 Ann. Rep., 638.

"When laws *in pari materia* are to be interpreted, that construction is to be preferred which will give effect to all their provisions."

Desban vs. Pickett, 16 Ann. 350.

Wood vs. Stokes, 13 Ann. 143.

Succession of Hebert, 5 Ann. 122.

C. C., Art. 17.

If possible, effect must be given to every article of the code.

Gee vs. Thompson, 11 Ann. 659.

"When two articles of the code cannot be reconciled

" the last in order and highest in number, prevails over " the other."

Barbet vs. Roth, 14 Ann. 382.

With these rules for the construction of the code, the application of its provisions to a pledge of negotiable promissory notes is not difficult. Both Article 3156 and 3161, of 1870, make endorsement by the pledgor essentia to the privilege. If there be any conflict between Articles 3158 and 3161, the latter must prevail. But fairly construed there is no such conflict. The re-enact ment of the Act of 1855, in the Code of 1870, must be considered as a legislative adoption of the construction by Supreme Court in *Cater vs. Merrill*, above cited, limiting the meaning of the phrase "without further formalities.' Even the very article with which the Act of 1855 is incorporated, still requires by its first paragraph, that the act of pledge must be proved by act made in a public form or under private signature, in order to create a privilege against third persons.

3. *Delivery to and retention by the pledgee essential.*

The requirements of the Code in this respect are plain and positive, and read thus;

" ART. 3152, [3118.] It is essential to the contract of pledge that the creditor be *put in possession* of the thing given to him in pledge, and consequently that *actual delivery* of it be made to him, unless he has posession of it already by some other right."

" ART. 3162,(3129.) In no case does this privilege subsist on the pledge, except when the thing pledged, if it be a corporeal movable or the evidence of a credit if it be a

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note or other instrument under privote signature, has been *actually put and remained in the possession of the creditor*, or of a third person agreed on by the parties."

Delivery is the essence of the contract of pledge.

Lee et al vs. Bradlee, 8 Martin's Rep. 57.

Robinson, Syndic vs. Shelton et al, 2 Rob. 277.

Winchester vs. Ory's Syndics, 17 La. 428.

Foltier vs. Schroder et al, 20 Ann. 20.

In *Geddes vs. Bennett et al.* whiskey was *left on storage* with the defendants, who gave their receipt therefor to the plaintiff, who had made advances thereon. It was held: That the plaintiff having permitted the defendants to remain in possession of the whisky after the advances, he was not entitled under the articles of the Code, to a pledge thereon. 6 Ann. R. 516.

A contract or promise to transfer or deliver a collateral to secure a debt gives no privilege or pledge upon such collateral, if not transfered and delivered in pursuance of said contract. *Succession of D'Meza*, 26, Ann. 35.

Such being the law of pledge, the

EVIDENCE,

discloses that none of its requirements were complied with in this case. It is not pretended that there was any written pledge;—none of the notes were *indorsed* by the bank until after its failure;—and prior thereto *they were not put, nor did they remain in possession* of the creditor, or some indifferent person.

Blache, the Cashier, testified that the notes were stamped above the indorcement " Pay to the order of the

New Orleans National Banking Association," and that he did not endorse them *until after the failure* of the bank, and then at the request of Cavaroc, in his own office, (p. 79).

Clearly his authority as Cashier had terminated, and his endorsement could not have any more effect than that of any third person.

The answer admits that the transaction with the Credit Mobilier was made the 12th of July, 1873, and, said defendant then became the creditor of the bank, (p. 12). De Armas, the note clerk, testified, that he had charge of the portfolio and made a list of notes to be given to the Credit Mobilier as security, amounting to $220,021 43, being identical in items and amount, with exhibit B, annexed to said defendant's answer. "An impression of this list was made in the letter press copy book of the bank on the 19th day of August, 1873." He is positive, that the list was made on that date.

He also testifies that exhibit A. 2 (p. 109), is a copy of the list made on August 19th, and that it was dated the 12th July, because he was instructed by the Cashier or President to date it so, (p. 52).

His testimony also discloses that a large number of the notes contained in said list,—some of which he specifies, were not in existence on the 12th July; some of them not having been acquired by the bank until the 18th August (p. 52, 53); that when the notes matured, the money was credited to the account of "Notes and Bills

discounted" and went into the general fund of the bank; that no entries were made on the books of the bank showing any disposition of such notes, except pencil memoranda in his tickler for his own guidance; that when the notes were paid, they were delivered by himself to the makers, that he made another list of $100,000 additional, Mr. Cavaroc saying he was short that amount; the notes were placed in an envelope and handed to Mr. Cavaroc; but ten, or fifteen days afterwards they were returned to him, and remained in his possession until the close of the bank when he made a list of the notes and gave them to Cavaroc (p. 56); the proceeds of the collection of these notes went into the general funds of the bank. (p. 57). The memorandum made upon his books was made the day that the bank closed; some of these notes were pledged to other concerns; some to the Clearing House and some to Schuchardt; that the notes in that envelope moved around very rapidly (p. 59).

It is true, this witness attempts to explain the fact, that large numbers of the notes upon the original list of pledged paper, were not in existence nor in the possession of the bank until some time in August, by saying, that they were renewals of other notes or substitutions therefor; but he states positively that the note of I. Bloom & Co. was not a renewal nor a substitution. He does not pretend that the last $100,000 of paper was delivered, at the time of the original pretended pledge.

Henry Blache, the Cashier, testified explaining the

transction with the Credit Mobilier which culminated in authority given to the bank to draw upon them for one million francs *upon the guarantee of C. Cavaroc & Son.*

He also testified that on the 19th of August, a list of notes and bills discounted, to the amount of $220,000, was made out by the note clerk, the notes being put into an envelope with the name "Credit Mobilier" upon it, and a list thereof forwarded by Cavaroc & Son to them (p. 60).

The witness produced the original letter press copy of the list made out on the 19th August (Exhibit A. 3. (p. 110), which it will be noted is identical with the list annexed to the defendant's answer, and shows in addition thereto the date when the bank acquired the paper by discount; the greater portion thereof having been discounted by the bank in the month of August, and all of it subsequent to July 16th.

He also testified that the list bearing date July 12th, was antedated, and that many of the notes appearing on that list were not acquired by the bank until the month of August; that these notes were given by the note clerk to Mr. Cavaroc who handed them to witness for safe keeping, who after five or six days, again returned them to the note clerk; that the notes were collected as they matured, and the proceeds placed to the credit of the bank and a substitution of notes made; that they remained all the time in the bank; that there were no entries made upon the books showing the disposition

thereof; that the proceeds of the collections were credited to bills discounted the same as in other cases, and went into the general cash of the bank; some of them were transferred to the Clearing House, and *all were treated in all respects as the property of the bank, the same as any other portion of the portfolio.* (p. 61).

He also testified that no other call was made by the Credit Mobilier for further security (p. 61), but, that a subsequent list of $325,000 was made, the occasion of which was unknown to the witness, and must have been made after the failure of the bank, while the witness was absent in Washington, as he had no knowledge of any such list having been made prior to that time; no additional notes, or securities were placed in the envelope corresponding with such list while he had it; they all figured as notes and bills, discounted upon the books of the bank. There was nothing to show to the directors, that any such transaction had been made, (p. 62). Several of the notes were tranferred to the Clearing House. The notes upon the list of the 19th August were never removed from the bank; they remained in the custody of the officers of the bank until the day of the suspension except such as were paid, and when the money was paid, it was credited to notes and bills discounted, and went into the general cash of the bank the same as any other portion of the portfolio (p. 66).

Again: He testified upon cross examination, *that there were no securities put aside previous to the 19th August*, nor

any list made prior to that date, (p. 69). The notes were taken out, put into the bank and some were pledged to the Clearing House, and others (p. 70); that upon the list of $325,000 appears the note of P. S. Wiltz & Co. discounted on the 4th October (p. 70).

Charles Cavaroc, President of the bank, who was examined by the defendants admitted that the list exhibit B 1. (p. 164), was forwarded by Cavaroc & Son to the Credit Mobilier on the 19th August 1873, and he states (p. 153). that the securities were placed in the hands of C. Cavaroc & Son, a few days after the drafts were drawn; that the notes were selected by the note clerk, and that exhibit B 1, is the list; that this list exhibit B 1, represents the state of the securities at the time it was forwarded (p. 154), (that is, on the 19th August); that a large amount of other securities was added *after* that period; at what time, witness states, he has no idea!

He testified also that the money arising from the collections of these notes was put into the cash of the bank; that C. Cavaroc & Son forwarded no other list, (p. 154); that exhibit C. (p. 17), is the list of notes held for account of the Credit Mobilier at the time this suit was commenced, and *that they were the original notes, that were put in there* (witness evidently meaning in the envelope) "all but very few" p. 154.

Again, he testified that an additional $100,000 of securities were taken out of the portfolio of the bank, *because*

he thought the $220,000 would not cover the Credit Mobilier (p. 159), and he is asked;

Q. When did you arrive at that conclusion?

A. *I cannot say, but when I saw these notes always renewed, we could not rely on their payment, and* NOT WISHING THAT THE CREDIT MOBILIER SHOULD LOSE ON THEIR LOAN, I asked Mr. De Armas to be sure and protect the Credit Mobilier, but I cannot say when.

This was not prior to the 19th August, (p. 160.) Exhibit C annexed to answer of Credit Mobilier (p. 17), is the list which was made subsequent to the 19th of August, (p. 160.)

See also Exhibit A, 17½, (p. 125) a letter from the Credit Mobilier, dated September 5, wherein they take notice of the securities amounting to $220,021 41, which they say "is well," showing that they were then satisfied with their security.

It is true an effort is made to show that the list of August 19th, and the final list contain only paper which was substituted for other paper previously put aside, but the effort is a failure, so far as the first list is concerned. Blache's testimony is positive that it had no existence prior to August 19th, and he is supported by all the circumstances attending it. The second and final list which is swollen by $105,000 in excess of the first one, must be to this extent a new security.

III.

OF THE WANT OF AUTHORITY TO MAKE SUCH CONTRACT.

The president and cashier of a bank have no power to

bind it except in the discharge of their ordinary duties.

U. S. vs. City Bank, 21 How. R. 356.

Bank vs. Dunn, 6 Pet. R. 51.

Bank vs. Jones, 8 Pet. R. 12.

Talmadge vs. Pell, 7 N. Y. R. 328.

Reed vs. Powell, 11 Rob. R. 98.

Sandy River Bank vs. Merchants' Bank, 1 Biss. R. 146.

Angel and Ames on Corp., 288 et seq.

The individual stockholder commits no authority to the officers of the bank, bnt that which is given by the charter, and by a vote of a majority in interest of the individuals acting in a corporate form.

Wyman vs. Hallowell and Augusta Bank, 14 Mass. 58.

See also *Beatty vs. Ins. Co.*, 2 Johns. 110.

The president and cashier of a bank, unless specially authorized by the charter, have no authority to assign its choses in action as security for a precedent debt, without authority of the board of directors.

Hoyt vs. Thompson, 5 N. Y. Rep. 320.

Leggett vs. N. J. Manuf and Bank'g Co., 1 Saxt. Ch. Rep. 542.

Nor can they borrow money without authority in the charter, or from the board of directors, *Life and Fire Ins. Co. vs. Mechanics Ins. Co.* 7 Wend. 31; 31 Miss. 116; 41 Barb. 575.

The authority of officers of corporations is less extrusive than that of agents of individuals, because regulated by statute, or matters recorded in books, of which those dealing with them, are deemed to have notice.

17 Mass. R. 1. Ibid. 479.

The property of corporations can be given in pledge only in accordance with their acts of incorporation.

Civil Code, ART. 3150, (3117).

The corporate powers of National Banks are defined in section 8 of the National Bank Act, (13 Stat. 101), and the power to borrow money is not granted. If it could be implied, still such power could be exercised by the corporation, only through its board of directors. No authority was given by the board of directors in this case. The minutes of the board are in evidence, (pp. 112 to 118), and disclose the fact that between July 10, and Sept. 19, the board at no time had a quorum. The minutes of Sept. 19, show that it was then made known, that the bank had secured the loan from the Credit Mobilier, but nothing was said about any pledge to secure it, and the presumption is that the board knew nothing of it.

The receiver of an insolvent corporation may repudiate the illegal transfer of its securities, by its officers and claim them as part of its fund.

Talmadge vs. Pell et al. 7 N. Y. Rep. 328; 3 Comstock, 488.

IV.

IF CAVAROC & SON WERE THE AGENTS OF BOTH PARTIES TO THE PRETENDED PLEDGE, EITHER PARTY MAY REPUDIATE IT.

The defendants aver in their answer, that Cavaroc & Son acted in the premises as the agents of both the bank and the Credit Mobilier.

Said Judge Selden :

"It is a well settled rule of the law of agency,—to "which I apprehend there is no exception,—that no "person can act as the agent of both parties to a contract, "although he himself may have no interest on either "side."

Claffin sr. Farmers and Citizens Bank, 25 N. Y. 294.

N. Y. Central Ins. Co. vs. Nat. Prot. Ins. Co., 14 N. Y. 85.

In Louisiana it is held that a bargain made by one as the agent of both parties, is a nullity for want of the *aggregatio mentium* which is necessary to the existence of a contract.

Florence vs. Adams, 2 Rob. 556.

Beal vs. McKinnen, 6 La. 407.

Lee et al. vs. Bradlee, 8 Mart. 57.

"A contract made by an agent of both parties, may be avoided by either principal."

Story on Agency, Sec. 211. See note and cases cited.

"The rule seems to be founded on the danger of im- "position in such cases, and the presumption which a "Court of Equity indulges, of the existence of fraud "which is inaccessible to the eye of the Court" etc. Note to Sec. 211.

In the case of the *Aberdeen Railway Co. vs. Blaikie*, the House of Lords held, that a contract entered into by a manufacturer, for the supply of iron furnishings to a railway company of which he was a director, was invalid

and not enforceable against the company. 1 McQueen's Rep. 461.

If then, Cavaroc & Son did act as the agents of both parties, to the contract of pledge asserted by the defendants, the presumption of its fraudulent character is strengthened by the fact that Cavaroc, senior, was also president of the bank, and pretending to act for it, for his firm, and for the Credit Mobilier. Such compound and treble agency in the premises subjects the whole transaction to suspicion, and the bank acting through the receiver, repudiates the pretended contract, and its validity must be denied.

It was contended in the Court below that the bank could not repudiate its acts in the premises, but was bound thereby, even if the transfer was obnoxious to law; and that the receiver could not do what the bank was estopped from doing. If this were true, Sec. 52 of the National Bank Act would be a nullity. The theory supposes that the receiver is the representative of the bank, only, whereas he is the statutory assignee, and represents the creditors as well, whose rights the provisions of the 52nd section were intended to protect, and if he could not invoke its provisions, for their protection, there would be a right without a remedy.

V.

THE CASE OF *CLARK, VS. ISELIN*,

reported in 21 Wallace 360, was relied upon in the Court below as decisive of this case. *It has no application to it.*

That case arose in New York, where the law of pledge does not require that the thing pledged shall be "*put and remain in the possession of the pledgee*, or some third person," as is required by the law of Louisiana, as above shown.

In that case, the collaterals were *delivered at the time* the loan was made; in this, no actual delivery was made, until after the failure, and not even a constructive delivery until several weeks after the debt was created.

In that case, the parties were private persons, whose custody of the collaterals could deceive no one, as it was not apparent to the public, and their books were not subject to inspection; in this, the defendants were dealing with a public corporation, whose books and assets were the subject of public scrutiny, through its directors, through its statements to the Clearing House, where it was represented to be in possession as owner of these very assets; and the Comptroller of the Currency, through the bank examiner, who would thereby be deceived as to its solvency, and kept ignorant of its true condition.

The facts and circumstances of the two cases are different, the policy of the law is different, and the law itself is different.

The decree should be reversed and such a decree made as the complainant hath prayed in his bill.

Respectfully submitted.

J. D. ROUSE.

CHARLES CASE.

Counsel for Complainant.

Supreme Court of the United States.

No. 181.

NICHOLAS W. CASEY, RECEIVER OF THE NEW ORLEANS NATIONAL BANKING ASSOCIATION—APPELLANT,

versus

C. CAVAROC, SR. and JR., as C. CAVAROC & SON, and the SOCIETE DE CREDIT MOBILIER of Paris, France—APPELLEES

Brief on behalf of Defendants and Appellees.

THOS. ALLEN CLARKE,
Of Counsel for Defendants.

Clark & Hofeline, Book Printers, 112 Gravier St.

Supreme Court of the United States.

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C. CAVAROC, SR. and JR., as C. CAVAROC & SON, and the SOCIETE DE CREDIT MOBILIER of Paris, France—APPELLEES

Brief on behalf of Defendants and Appellees.

STATEMENT.

The complainant by his bill of complaint in equity seeks to set aside a pledge made by the bank, of which he is Receiver, and to obtain delivery of the assets without reimbursing the amount advanced at the time and as consideration of said pledge; under the following circumstances:

On or about the 12th July, 1873, the New Orleans National Banking Association, through Charles Cavaroc, Jr., obtained authority from the Société de Credit Mobilier, of Paris, France, to draw upon them for one million of francs at ninety days sight; the drafts to be provided for by remittances ten days before maturity; to secure the drawings, securities of the first class were to be placed in the hands of C. Cavaroc & Son, a com-

mercial firm at New Orleans. The elder Cavaroc was President of the Bank. (Correspondence, page 249 et seq.) The bills were drawn and the sum of $218,450.34 was realized by the bank.

The securities were placed by the officers of the bank in an envelope handed to C. Cavaroc & Son; subsequently, and from time to time some of these securities matured and were paid, and other securities placed in the envelope, which for convenience, had been placed in the hands of the Note Clerk of the bank. The original securities, or those represented by these changes, are those sought by the bill to be obtained by complainant. The bank suspended in October, 1873, and complainant was appointed Receiver later.

The bill of complaint admitting the agreement, the drawing of the bills and the realization of the $218,450.34, and its non reimbursement avers that:

1st. There was no pledge of securities.

2d. That any pledge was without the authority of the Board of Directors of the bank.

3d. That on the 12th of July, 1873, and long prior thereto, the bank was insolvent to the knowledge of C. Cavaroc & Son and the Credit Mobilier.

4th. That on the 24th September, the bank failed and suspended payment, otherwise than by exchange of checks with other banks; on the 4th October, failed, and on the 27th passed into the hands of the receiver; that subsequent to the 24th September, Cavaroc & Son obtained from the bank the securities in question.

5th. That the delivery and transfer of the securities were made and accepted in contemplation of insolvency of bank, and in violation Section 52 of Act of Congress, approved June 3d, 1864.

The answer of Credit Mobilier:

1st. Admits the agreement, the drawing, accepting and paying of the bills; the realization of the $218,000 by the bank; the credit thereof on the books of the bank.

2d. Denies the averments of bill as to pledge, delivery and authority; and avers that the documents in the Exhibit B were placed by the Association in the hands C. Cavaroc & Son, 12th July, 1873, as security; that said securities being insufficient, a further deposit of collaterals representing about $100,000 was made a few days after, that some portion of the securities was paid to Cavaroc & Son, who allowed said Association the cash so received, upon securities being given equal thereto in lieu thereof; and that said pledge and delivery were with the sanction of the Board of Directors; denies the insolvency of the bank as averred, and avers that on the said 12th of July, 1873, anterior thereto and up to the monetary crisis of September, 1873, the bank was in good credit and standing in New Orleans and other commercial centres of America and Europe; admits the suspension in September, but avers that it was common with all but two of the banks of New Orleans, on account of the monetary panic that existed in all parts of the country; denies that the securities were taken from the bank subsequent to 27th September, 1873; avers that they were received as before stated, and that Exhibit C (folio 40,) shows the true condition of the securities, except as modified by Exhibit D, folio 43; avers that the securities were not given to prefer, but in compliance with the agreement to advance thereon, and that at the time the bank was in good credit and solvent as they are informed and be-

lieve; denies the violation of the Section 52 of the Act of Congress, June 3d, 1874; avers the title to be good and perfect, and not infirm, as alleged by complainant, using language of detail and averring good faith on their part.

EVIDENCE

establishes beyond a reasonable doubt the averments of the answer, and was so considered by the judge *a quo*.

I.

The drawing of the bills of exchange and the object are admitted by the bill. It was an exchange operation; the drawing at the time when exchange on Paris was high, no produce going forward at the time, to be covered at a time when the crops would be in the market and furnish basis for shipments and exchange and so lower; a resulting profit expected.

Correspondence Exhibits A 6 to A 17½, folio 248, et seq. Cyphers explained. Blache's testimony, folio 144.

II.

A pledge of securities was a condition of contract. Vide Exhibit A. 9 and A. 10, folio 249, et seq. It was the first transaction between the parties. (Cavaroc, folio 315.)

III.

The securities were selected from the portfolio of the bank, placed in an envelope handed to C. Cavaroc & Son, the designated depository, by the Note Clerk, Mr. DeArmas; subsequently handed to Cashier for safe-keeping and facility of collection; and by him at the request of Mr. DeArmas, the Note Clerk, to avoid frequent calls handed to him. DeArmas, who kept these notes, and as any were collected or renewed, placed new notes of an equal amount therein; until they were returned to Cavaroc & Son, before failure of bank.

Complainant's witness, DeArmas, testimony on cross, examination, folio 120, et seq; Cavaroc's testimony-310, et seq.

Blache, complainants' witness, cross-examination, folio 149, et seq.

Letter of Cavaroc & Son, (folio 257,) says: "As soon as certain of them will mature, we will take care to replace them by others."

IV.

The bank was in good credit up to the panic of September, 1873.

Halsey, folio 192, Fortier, 196, *complainants'* witnesses; Cavaroc, 315; Jonas, 328; and other witnesses *passim*.

The Société Credit Mobilier thought so, or it would scarcely have parted with its money. (Cavaroc Jr., 326.)

V.

The bank was solvent at the time of the transaction. This could be shown by the testimony of all the witnesses upon the subject, (if deemed important, which is not,) except the testimony of Blache, complainants' employee, who has possession of the books of the bank, and attempts to show insolvency, although according to his own statement to the Comptroller of Currency, made after the failure of the bank, he did not think its capital gone, folio 171.

Cavaroc did not think the bank insolvent. If he did, he was a madman, for he seems to have held largely of its shares, and to have turned nearly all his capital and credit, over for its benefit.

But we do not consider the question of actual insolvency important.

VI.

The Board of Directors, on the 19th of September, 1873, (folio 237,) approved of the transaction, and voted Mr. Cavaroc, Jr, $500 for his expenses.

POINTS.

I

The pledge is valid.

A pledge of negotiable paper requires no other formality than delivery.

Acts of Louisiana 1852, page 15, Sec. 1.

Re-enacted 1855, page 348.

Revised Civil Code, 3158.

Revised Statutes, Sec. 2905.

The effect of revisory legislation, is stated with clearness in

State vs. Holmes, 11 An. 439, cited with approbation in

State vs. Brewer, 22 An. 273.

State vs. McCort, 23 An. 326.

From these decisions it follows that the provisions of the Revised Statutes of 1870, a revision of the pre-existing statutes, retained in force the enactment Sec. 2905, in reference to the limitation of formalities in pledges of negotiable instruments, notwithstanding the Revised Code of same year contained the provisions of the old code along side of the Amendment of 1852. One article of the Code requires certain formalities, 3160. The other article, 3158, dispenses with formalities. The Revised Code contains the dispensing article.

So neither an act before a Notary, nor an endorsement by pledgor, is needful to constitute a valid pledge.

II.

Informalities in a pledge cannot avail the pledgor to impeach.

Partee, Syndic vs. Corning, 9 An. 539.

Brother vs. Saul, 11 An. 225.

Formalities required as against third persons, not required as against pledgor. Matthews vs. Rutherford, 7 An. 225.

III.

The syndic, receiver, or assignee, has no greater authority than the debtor they represent. If he cannot impeach, they cannot, except as the statute distinguishes. The restraints of the insolvent or bankrupt statute measure the difference between the rights of debtor's pledgors and their representatives under the said statute.

Partee, Syndic vs. Corning, 9 An. 539.

Gibson vs. Warden, 14 Wal., 250.

Cook vs. Tullis, 18 Wal., 332.

Mitford vs. Mitford, 9 Vesey, Jr., 88.

The assignees under a commission are subject to all the same equities affecting the bankrupt's rights, which could have been enforced against the bankrupt himself.

Grant vs. Mills, 2 Ves. and Bea., 308.

Exparte Hanson, 12 Ves., 349.

Turner vs. Harvey, Jacobs' Rep., 174.

Campbell vs. Slidell, 5 La. An. 274.

IV.

After a pledge has been made it is lawful to constitute the pledgor an agent to collect the negotiable instruments, and to replace those collected by others, or to change the securities.

The case of Clark, Assignee, vs. Iselin, 21 Wallace, 360, exhausts the reasoning upon this point.

White vs. Platt, 5 Denio, 269.

Cook vs. Tullis, 18 Wall. 332.

A fair exchange of values may be made at any time even if one of the parties to the transaction be insolvent.

Same case.

V.

The Section 52 of the Statutes of 1864 measures the power of setting aside transfers, etc., at the instance of a Receiver.

This case has none of the elements prescribed.

The interdiction of the 52d Section has the same purpose as that of 35th Section of Bankrupt Act, sales or pledges or transfers for a fraudulent object, not on those with an honest purpose.

Embarrassed persons are not prohibited from transacting business.

"It is for the public interest that every one should continue business, and avoid, if possible, going into bankruptcy," and yet, how could this result be obtained if he was denied the privilege of raising money upon his property.

Two things must concur to bring the transaction within the inhibitions of the law; the fraudulent design of the bankrupt, and the knowledge of it upon the part of the assignee.

Tiffany vs. Lucas, 15 Wall. 422.

Wager vs. Hall, 16 Wall. 595.

Wilson vs. City Bank, 17 Wall. 473.

Mays vs. Fritton, 20 Wall. 414.

"In the administration of the Bankrupt Law in England this subject has frequently come before the courts who have uniformly held that advances may be made in good faith to a debtor to carry on his business, no matter what his condition may be, and that the party making these advances can lawfully take securities at the time for their repayment."

Tiffany vs. Boatman's In'n., 18 Wall. 389.

VI.

There is no legal inconsistency in the fact that the stakeholders were C. Cavaroc & Son; the Senior being President of the Bank.

There would have been no objection to Cavaroc individually, being stakeholder. The contract is between the Credit Mobilier and the Bank. In the matter of holding the pledge like all stakeholders the Cavarocs were agents of both parties. There is no inconsistency in this position arising from the fact that one of the partners is President of Bank. 'He does not stand as contracting on both sides. He says to Bank and to Credit Mobilier, distinct persons from himself, I will hold these stakes. He makes a contract not with himself, but with two other and distinct parties.

VII.

The contract was made with the authority of the corporation, through its board of Directors.

Though nothing appears upon the minutes of Directors until the vote of thanks to Cavaroc, Jr. That minute and the gratuity voted to him are sufficient as a ratification.

The Bank received the million of francs as shown by their books.

The Directors must have known of it. They never repudiated the contract. 5 Hill, 137.

Promises and engagements of a corporation may be implied from its acts or those of its agents as from those of individuals.

Abbott Digest of Corporations, 579, and cases there cited.

A corporation which has received the benefit of a loan cannot avoid liability on a mortgage to secure its payment by denying the authority of those who contracted the loan on its behalf.

Ottawa Plank Road vs. Murry, 19 Ill. 336.

Bissell vs. Mich. S. & N. J. R. R. Co., 22 N. Y. 258.

Pine Grove vs. Tolcott, 19 Wall. 678.

Bank vs. Dandridge, 12 Wheat. 70–71.

Bezou vs. Pike, 23 An. 788.

A fortiori in equity.

VIII.

The contract is valid, and not in contravention of the policy nor directions of banking act.

A common exchange operation within the ordinary actions of banks and bankers.

No clause of act forbids.

IX.

If not within the authority of the banking act; not a nullity.

Having the benefit of the money, the corporation cannot repudiate the act and reap its fruits.

Contracts will be enforced under any circumstances of controlling equity.

Bissell vs. Rail Roads, 22 N. Y. 258.

Corporations have no right to violate their charters, but have a capacity so to do. They cannot repudiate acts so done to wrong innocent third parties.

Same case.

Bezou vs. Pike, 23 An. 788.

A party who has had the benefit of a contract, cannot question its validity, in respect of regularity of organization or of powers conferred by charter.

Nav'n Co. vs. Weed, 17 Barb. 378.

Despatch Line vs. Bellany, 12 N. H. 205.

Moss vs. Rossie Co., 5 Hill, 137.

X.

The judgment should be affirmed with costs.

THOS. ALLEN CLARKE.

Of Counsel for Defendants

United States Circuit Court,

DISTRICT OF LOUISIANA.

IN EQUITY.

N. W. CASEY, RECEIVER OF THE NEW ORLEANS NATIONAL BANKING ASSOCIATION

VERSUS

LA SOCIÉTÉ DE CREDIT MOBILIER OF PARIS, AND OTHERS.

This cause was submitted for final decree on the pleadings and evidence.

Messrs. J. D. Rouse and J. R. Beckwith for complainant.

Messrs. Clarke, Bayne & Renshaw, for La Société de Credit Mobilier of Paris, and for National Park Bank of New York.

Edwd. C. Billings, for Chas. Cavaroc & Son, and for F. Schuchardt & Son.

Finney & Miller, for Ls. Schneider and others.

Woods, Circuit Judge.

The case as presented by the pleadings and proofs is substantially as follows: On the 12th of July, 1873, the New Orleans National Banking Association, a corporate body organized under the National Banking act, June 3, 1864, was engaged in the banking business in the city of New Orleans, and continued to carry on business until the 4th day of October, 1873, when it suspended payment. On the said 12th day of July, 1873, the defendant, "Société de Credit Mobilier" of Paris, entered into an arrangement with the said Bank-

ing Association through Charles Cavaroc, Sr., its President, whereby the "Société" agreed on its part to accept bills of exchange to be drawn by the Banking Association payable ninety days after sight to the amount of one million francs, and the Association agreed to place with the Société ten days before the maturity of said bills the amount thereof. The Banking Association further agreed to deposit securities in the hands of the commercial firm of C. Cavaroc & Son, of which said Charles Cavaroc, Sr., was a member, for the purpose of securing the Société against loss from the failure of the Association to place the amount required to meet said bills at maturity. The said firm of C. Cavaroc & Son was constituted by the Société, its agents, to receive and hold said securities.

In pursuance of this arrangement, on or about the 12th of July, 1873, bills of exchange were drawn upon the Société by the Banking Association at ninety days' sight to the amount of one million francs, and the same were sold by the Banking Association, and the proceeds, amounting to $218,450.34, were appropriated by the Banking Association—were credited on its books to the Société, and the bills were accepted by the Société.

On the day of the date of the drafts or the day following, a list was made out of notes due the Association, amounting to $220,021.43, and the notes named in the list were put in an envelope and handed to C. Cavaroc & Son, by direction of C. Cavaroc, Sr., the President of the Association, to be held as security for the Société, to protect it from loss by reason of its acceptance of the drafts.

It was subsequently stipulated by C. Cavaroc, Sr., on behalf of the Association, that as soon as any of said notes matured they should be replaced by others of like amount. Sometime subsequently to the 12th of July, C. Cavaroc, Sr., fearing that the notes already set apart would not be sufficient to secure the Société for its

acceptance of said bills, caused another list of notes, amounting to about $100 000, to be made out, and the notes to be deposited with C. Cavaroc & Son, as additional security.

As notes matured and were paid or renewed, they were replaced by others, in pursuance of agreement above stated.

The evidence shows that on the 12th of July, the Association was embarrassed, and that long before its suspension, on the 4th of October, it was insolvent.

When the Banking Association suspended payment, C. Cavaroc & Son claimed to hold all the said notes then in their hands, amounting to $325,011.26, to secure the "Société" for its acceptance of said bills.

After the suspension of the bank it was placed by the order of the Comptroller of the Currency in the custody of John Cockrem, as Receiver. Cockrem, having resigned, the present complainant was appointed Receiver in his stead.

The bill asks the Court to adjudge and decreee that all of the said notes held by C. Cavaroc & Son belong to and are the property of said Banking Association, and that the same and all the proceeds thereof be placed in the hands of complainant, as Receiver, to be administered and applied to the payment of the claims of the creditors of said Association.

The bill is based upon the 52d Section of the National Currency Act, Revised Statutes, Section ——, which declares as follows:

"That all transfer of the notes, bonds, bills of exchange, and other evidences of debt to any Association, or of deposits to its credit, all assignments of mortgages, sureties on real estate, or of judgments or decrees in its favor, all deposits of money, bullion, or other valuable thing for its use or for the use of any of its shareholders or creditors, and all payments of money to either, made after the commission of an act of insolvency, or in contemplation thereof, with a view to prevent the applica-

tion of its assets in the manner prescribed by this act, or with a view to the preference of one creditor to another, except in payment of its circulating notes, shall be utterly null and void."

The claim of the complainant is that the alleged transfer of the notes and assets of the Banking Association to C. Cavaroc & Son, to secure the Société for its acceptance of the bills of the Association, was a transfer thereof in contemplation of insolvency, with a view to prevent the application of the assets in the manner prescribed by the National Currency Act, and with a view to the preference of one creditor to another, that such transfer is therefore null and void, and that said notes are still the property of the Association, and applicable to the payment of its debts.

It has been held by this Court that to make "transfers, assignments, deposits and payments," void under the 52d Section of the Currency Act, it is only necessary that the insolvency should be in the contemplation of the bank making the transfer, and not that it should be known to or contemplated by the party to whom they are made. Case, Receiver vs. The Crescent City Bank, March, 1874. See also Peckham, Assignee, vs. Burroughs, 3 Story, 544

The evidence in the case satisfies my mind that the Banking Association, at the time it made the arrangement already recited with the Société, to-wit: on the 12th of July, 1873, was in an exceedingly embarrassed condition, if not actually insolvent. Although C. Cavaroc, Sr., its President, testifies that he did not at that time think that the bank was insolvent, he had abundant reason to know soon after that date that it was embarrassed and in a critical situation. This is evidenced by his application for assistance to other banks of the City of New Orleans. In my judgment the evidence shows so much clearly, but it does not show more.

But conceding that C. Cavaroc, Sr., the President of

the bank, at the time he transferred the notes to C. Cavaroc & Son, for the security of the Société, knew that the Association was insolvent, will that fact render the transfer made under the circumstances recited, void.

That alone is not sufficient. One of two alternatives must exist:

(1) It must be with a view to prevent the application of the assets in the manner prescribed by the Currency Act, or (2) with a view to the preference of one creditor to another.

Is it the meaning of the Section of the Currency Act on which the bill is based, that after a National Bank is in contemplation of insolvency, no person could do business with it, except at the risk of having any means he may put under the control of the bank, no matter under what solemn contract for security, confiscated for the use of the general creditors of the bank? If this is the construction to be given to the 52d Section of the Currency Act, then a moment a bank becomes embarrassed, it must give up and suspend payment, for all who come to its assistance must do so without security. In my judgment, the preference of one creditor to another, mentioned in the fifty-second section, is a preference given to an existing creditor for a pre-existing debt. If a customer or friend of a bank, knowing it to be embarrassed, and in need of assistance, proffers it, for instance, a loan of $50,000 in cash, on receiving security for the amount by a transfer of a part of its portfolio, that cannot be fairly construed as giving him a preference over other creditors. Other creditors are not injured by such a transaction, for the securities that such a creditor takes out, he leaves an equivalent in cash. He becomes a creditor solely on condition of receiving security.

The policy of the law is plain, namely: to prevent preference among creditors holding pre-existing debts. It clearly was not the purpose of the act to forbid the bank from giving security to its friends, for means to

be advanced on the spot, or in the future. The general creditors are not injured by such an arrangement; they may be greatly benefited by it.

Take the case in hand. Suppose the Association was actually insolvent on the 12th of July. The Société in effects puts one million of francs into the possession of the bank and takes security for it. Is the general creditor any worse off? The bank had nothing when the securities were transferred. It gets dollar for dollar for what it transfers. Can that be called giving a preference to one creditor over another? As claimed by counsel for defense, it is in effect an exchange of values rather than the giving of a preference to a creditor.

It seems to me to be established, beyond all controversy, by the evidence in this case, that the pledge of the notes of the Association complained of, was not made in contemplation of insolvency, but it was a struggle on the part of the officers of the bank to avoid insolvency; it was not made to give preference of one creditor over another, but it was a plan adopted by the bank to secure means to carry on its business with a view to be able to pay all its creditors.

The construction claimed by complainant for the 52d Section of the Currency Act, would render the banks a trap in which the means of its friends, furnished on the pledge of securities, would be drawn in and applied to the payment of the general creditors.

In my judgment, the construction placed on the 35th Section of the Bankrupt Act, is applicable also to the 52d Section of the Currency Act.

That Section of the Bankrupt Act, declares that any sale or other disposition of property made by a person insolvent, or in contemplation of insolvency, within six months before the filing of a petition in bankruptcy, by or against him, by any person who has reasonable cause to believe him insolvent, such sale being made with a view to prevent the property coming to his assignee in bankruptcy, etc., shall be void. Under this section it

has been held that a sale made in good faith, for the honest purpose of discharging a debt, and in the confident expectation that by so doing, the person could continue business, will be upheld. Tiffany vs. Lucas, 16 Wall. 410.

So in Cook vs. Tullis, 18 Wall., 332, it was held that an exchange of values may be made at any time, though one of the parties to the transaction may be insolvent; that there is nothing in the Bankrupt Act that prevents an insolvent from dealing with his property, selling or exchanging it for other property at any time before proceedings in bankruptcy are taken by or against him; provided such dealings be conducted without any purpose to delay or defraud his creditors, or give a preference to any one, and does not impair the value of his estate. And in Tiffany vs. The Boatmen's Institution, 18 Wall., 376, it was held than a man really insolvent, but not having yet openly failed, and hoping to overcome his difficulties, and to carry on his business, violates no provision of the Bankrupt Act by pledging his property for money lent, this money being lent at the time when the pledge was made.

See also Clark, Assignee, vs. Iselin, decided by the Supreme Court of the United States, and reported in the Chicago Legal News of March 6th, 1875, page 185.

On the strength of these authorities, construing a provision of the Bankrupt Act similar to the 52d Section of the Currency Act, and upon my own independent judgment of what is the purpose and intent of said section, I am of opinion that the original transfer made by the Banking Association to the Société of the assets mentioned, was not void.

But the complainant insists that the transfer was void, because not made in compliance with the Code of Louisiana. It is claimed that the code requires that when a negotiable instrument is pledged by a debtor, it must not only be delivered to the creditor to whom it is transferred, but must be indorsed, (C. C., Art. 3123,) and

as it is conceded, there was no endorsement of the notes in question, the attempted transfer was ineffectual to carry title.

There has been some confusion in the legislation of Louisiana upon this subject, so that it is not by any means clear whether an indorsement as well as delivery of a negotiable instrument is necessary in order to complete an act of pledge. The Act approved March 15th, 1855, entitled "An Act relative to pledges;" (See Fuqua's Civil Code, 421, note,) appears to have been a re-enactment of the Act of 1852, (see Act of 1852, page 15.)

The first section of this act declared that when a debtor wishes to pawn promissory notes, bills of exchange, etc., he shall deliver the creditors the notes, bills of exchange, etc., so pawned; and such pawn so made, without further formalities, shall be valid as well against third persons as against the pledgees thereof, if made in good faith.

There can, it seems to me, be no doubt that this section was to make the delivery of a promissory note without indorsement sufficient as an act of pledge.

But in subsequent revision of the statute law of the State, the provision requiring indorsement was allowed to remain; so that we have in the same statute book, an article declaring that indorsement as well as delivery is necessary to the pledge of a promissory note, and another article in effect declaring that indorsement is not necessary. In my judgment it is not necessary to determine in this cause whether indorsement is or is not necessary.

The receiver holds only the estate and title of the bank in its assets. His title is the same as that of an assignee in bankruptcy. It will not be pretended that if the bank could recover back the assets which it had pledged and delivered to the agents of the Société, because they were not indorsed, and at the same time hold on to the proceeds of the drafts, for the acceptance

of which the assets were pledged—unless there was fraud, and there was no fraud in this case.

An assignment in bankruptcy, like any other assignment, by operation of law passes the rights of the bankrupt precisely in the same plight and condition as he possessed them, subject to all equities.

Mitford vs. Mitford, 9 Vesey, 100.

Gibson vs. Warden, 14 Wall., 248.

Campbell vs. Slidell, 5 La. Annual, 274.

Mitchell vs. Winslow, 2 Story, 630.

Lowell's Decisions, 431.

There seems to be no reason why the position of receiver of an insolvent bank under the Currency Act, is any better than that of an assignee in bankruptcy. If the receiver holds the same title to the assets of the bank that the bank itself held, he cannot avoid a pledge which the bank could not avoid. He is not a third person, in the sense of the Civil Code.

In the case of Matthews vs. Rutherford, 7 Annual, 225, it was held that a notarial act of pledge, or a written act registered in a notary's office, is a formality which is necessary to protect the payee against third parties, but its omission is unimportant as between pledger and pledgee.

I am of opinion, therefore, that the failure to indorse the notes pledged by the bank is a defect of formalities in making the pledge of which neither the bank nor the receiver can take advantage.

It is further claimed by the complainant that C. Cavaroc Sr., the President of the Association, could not at the same time act as President and Agent of the Association, and as the Agent of the Société.

It is true that the same person cannot sell as the agent of one, and at the same time buy as the agent of another, and a contract made by one who acts as the agent of both parties, may be avoided by either principal. See Story on Agency, Sec. 211 and note. Such a contract, made by a person acting as agent for two

principals, involves an absurdity. But in this case the contract was made between the "Société," and the "Association," the latter acting through its President. But it seems to me clear that there was no legal obstacle, the contract having been made, and being in force to the turning over by the Association, acting through Cavaroc, its President, of the assets in pledge to be held by the commercial firm of C. Cavaroc & Son. In fact, C. Cavaroc & Son, were mere depositors or stakeholders, and all stakeholders are agents for both parties.

It is further claimed by complainant that Cavaroc, the President of the Banking Association, could only act by authority of the charter, or by vote of the directors in making the pledge of the assets of the Association, and that no such authority is found in the charter or minutes of the Board of Directors. The minutes of the Board of Directors, evidence, however, that they knew what arrangement had been made between their bank and the "Société," and they approved it by voting a compliment to C. Cavaroc, Jr., by whose agency the arrangement had been made. The books of the bank showed that it had received a million of francs as the result of this arrangement. It is impossible that the directors should have been ignorant of these facts—they never repudiated the contract, nor returned to the Société the fruits of it. This is a ratification.

The acts of a corporation, evidenced by a vote written or unwritten, are as completely binding upon it, and as full authority to its agents, as the most solemn acts done under the corporate seal, and promises and engagements may as well be implied from its acts, and the acts of its agents as if it were an individual. Abbott's Digest of Corporations, 579, and cases there cited.

A corporation which has received the benefit of a loan cannot avoid liability on a mortgage to secure its payment by denying the authority of those who contracted the loan on its behalf.

Ottawa Plank Road vs. Murray, 19 Ill., 336.
Bissell vs. Railroad Company, 22 N. Y., 258.
Pine Grove vs. Tolcott, 19 Wall., 678.
Bank vs. Danbridge, 12 Wheat., 70. 71.

It is claimed, lastly, by the complainant, that the contract between the Banking Association and the Société was not legitimate banking busines and could not be lawfully carried out

We are not cited to any clause in the National Currency Act forbidding such a contract, and can see no reason why the Association might not lawfully make it.

But conceding that the Currency Act, which is the charter of the Association, did not authorize such a contract, it does not follow that the Association can repudiate the contract and keep its fruits.

Corporations have no right to violate their charters, but they have capacity to do so and to be bound by their acts when a repudiation of such acts would result in manifest wrong to innocent parties.

Bissell vs. The Railroad Company, 22d New York, 258.

When it is a simple question of capacity to contract, arising either on a question of regularity of organization or of powers conferred by the charter, a party who has had the benefit of the contract cannot be permitted in an action founded upon it, to question its validity.

Navigation Company vs. Weed, 17th Barb., 378; see also Dispatch Line vs. Bellamy, 12th New Hampshire, 205; Moss vs. Rosin Company, 5th Hill, 137.

I am of opinion, therefore, that even admitting that the business carried on under the contract between the Association and the Société was irregular and not within the limits of legitimate banking, that having made the contract and enjoyed its fruits, neither the Association nor its Receiver can demand to keep the money of the Société, which was received by virtue of the contract, and require the Société to deliver up the assets that were transferred to it in consideration of the contract.

Complainant further insists that the notes pledged by the Association were changed, from time to time, as they fell due and others substituted in their stead, and that this renders void the pledge, at least so far as such substituted notes were concerned.

The evidence leaves no doubt on my mind that such substitution was made. In fact, it is admitted by defendant. But has the substitution the effect claimed by complainant?

The case of Clark, Assignee, vs. Iselin, Chic. Legal News, supra, is a pointed authority to sustain the negation of this proposition, and settles their objection to the title of defendant conclusively against complainant.

I have gone over the grounds relied upon by complainant, to avoid the pledge and transfer of the assets of the New Orleans Banking Association to the Société de Credit Mobilier. I am unable to find that any of the grounds are tenable. In my judgment the pledge of these assets was a good one to secure the Société against loss by the failure of the Association to comply with its contract, and that the Receiver is not entitled to the pledged notes, or their proceeds, until the Société has been made whole.

The bill must therefore be dismissed, and the injunction heretofore allowed, dissolved.

CASEY, RECEIVER, vs. F. SCHUCHARDT & SON, No. 7074; CASEY, RECEIVER, vs. LOUIS SCHNEIDER ET ALS., No. 7069; CASEY, RECEIVER, vs. THE NATIONAL PARK BANK OF NEW YORK, ET ALS., No. 7072.

These are bills filed by the Receiver of the National Banking Association of New Orleans, against the defendants respectively, to set aside the transfer of assets by the Association as having been made in contemplation of insolvency and with a view to prevent the application of assets of the bank in the manner prescribed by the Currency Act, or with a view to the preference of one creditor to another.

Generally, the views expressed and the authorities cited in the cause of the "Société de Credit Mobilier." apply to these cases. There are some points, of course, in which the facts differ, but in my judgment there is no such difference as ought to affect the conclusions to be reached.

These are cases where the defendants, before dealing with the Banking Association and putting their means in its possession, demanded and received security by the transfer of the notes, etc., from the portfolio of the Association.

In my judgment there is no provision in the Currency Act, and I am sure there is no principle of equity or justice which would rob these defendants of their security.

Granting that the Association was insolvent, and that defendants knew it, they could not put the Association in bankruptcy, nor could they take steps to place it in the hands of a receiver. They were not forbidden to deal with it, and if they assisted the Association with their means there was no provision of law to forbid them from demanding and receiving security.

Suppose, as claimed by the complainant, the Association was insolvent on the 12th of July, 1873, that as testified to by Blache, the cashier, it had at that time lost its capital. The general creditors are not injured by the subsequent transactions of the bank with these several defendants.

They put in the bank dollar for dollar for all they took out. If these defendants have absorbed the assets of the bank they have only absorbed their own means, for by the theory of complainant the bank had nothing.

All four of these cases are so near alike in their facts, and the differences in the facts of each case are so immaterial, that I have not thought it necessary, even if I had the time, to go into a discussion of the facts in each.

My conclusion is the same in all the cases, that the bills must be dismissed and the injunction dissolved.

Daniel